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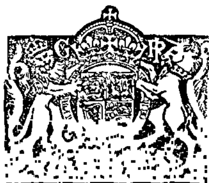
AUDIT CODE

VOLUME I

FIRST EDITION

(SECOND REPRINT)

Embodying all Corrections issued to the First Reprint of the First Edition.



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PREFACE TO THE FIRST EDITION (SECOND REPRINT).

This edition is merely a second reprint of the first edition of the Audit Code, Vol. I, with such additions and alterations as have been introduced through correction slips issued up to the end of February 1935. The opportunity has been taken to carry out a few verbal corrections of minor importance. The transfer of certain S. Y. forms in the Book of Account, forms to the Audit Code forms series has necessitated certain corrections which have been carried out in the following articles of this code :—

Articles 32, 46, 101 (new), 208-A, 214, 230, 244, 244-B, 244-C, 272, 278-A, 292, 321-A, 368, 412, 418, 465, 477, 483, 487, Rule XI of Annexure A to Chapters 22, 500 and 614.

E. BURDON,

Auditor General in India.

NEW DELHI,

The 21st February 1935

PREFACE TO FIRST EDITION (REPRINT).

This edition is merely a reprint of the first edition of the Audit Code, with such additions and alterations as have been introduced through the correction slips issued up to the 30th November 1928 Opportunity has been taken also to make a number of purely verbal corrections in various articles in the interest of better drafting and of intelligibility

2 For the sake of convenience, the Code has been reprinted in two volumes, Volume I embodying the rules contained in the main body of the Code and Volume II the Appendices and Forms Appendix 7, " List of Major and Minor heads of account of Central and Provincial receipts and disbursements ", which has hitherto appeared as a separate volume, has been incorporated in Volume II of the present reprint

3 The preface to the 1st edition has been reproduced separately for purposes of reference

M F GAUNTLETT,
Auditor General

NEW DELHI
1st December 1928

PREFACE TO FIRST EDITION.

The Audit Code derives its authority from the functions of the Auditor General as defined in the Statutory Rules framed under section 96D (1) of the Government of India Act The detailed instructions embodied in this code are intended primarily for the guidance of Civil Audit offices In other Audit offices, the general rules and principles on which the instructions of this code are based and the orders which define the nature and extent of audit to be applied to different classes of transactions should be taken as a guide, though in matters of detail the rules in their respective codes are applicable

2 This Code is divided into seven parts —

Part I—Departmental Regulations

Part II—General Rules and Principles

Part III—Treasury Audit

Part IV—Public Works Audit

Part V—Forest Audit

Part VI—Results of Audit

Part VII—Inspections

Part I is a reproduction of Chapters 76 to 80 of the Civil Account Code, Volume II, 7th edition, excluding the portions dealing with rules now under the administrative control of the Controller of the Currency, with additions and amendments *necessitated by (1) the amalgamation of the Civil and Public* Works Accounts and (2) the Reforms

Part II embodies the general rules and principles in respect of

(1) the nature and extent of audit, (2) classification and (3) grants and appropriations,

as they stand under the constitutional position created by the Reforms

Part III—" Treasury Audit ", is a reproduction of the relevant chapters of Civil Account Code, Volume II, 7th edition, rearranged and revised where considered necessary

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3. Certain chapters of the code, *e.g.*, Chapters 6, 21, 23 and 26, which do not wholly relate to audit and contain rules relating to accounting, have been incorporated in this code as a matter of convenience, as the audit sections concerned do a certain amount of preliminary compilation and accounting and it is desirable to bring, as far as possible, all the rules with which each audit section has to deal, in one place.

4. The Audit Code contains rules relating to audit procedure. he Auditor General will also issue for the guidance of all conrned audit interpretations of rules and orders under Rule 10 (*iii*) f the Auditor General's Rules which will be known as " Audit Instructions " (*vide* Articles 165 and 166). These Instructions will be issued in a separate compilation.

5. The term " local Government " as used in this Code means, in the case of a Governor's province, the Governor in Council or the Governor acting with ministers (as the case may require) and in the case of a province other than a Governor's province, a Chief Commissioner. A Governor's province is also called a provincial Government and the other local Governments are also known as minor local Governments.

[NOTE.—The expressions " Governor's Province " and " Provincial Government " include the province of Burma.]

6. As most of the rules in the Audit Code are new and several of the rules in the Civil Account Code, Volume II (seventh edition), and Public Works Department Code, Volume II (seventh

edition), had been completely modified before they were embodied in this Code, it has not been thought necessary to connect the rules in the new code with those in the old codes.

7. The rules in this Code can be amended and revised by the Auditor General who will welcome any suggestions for amendments that are made for his consideration by local Governments and Audit Officers.

M. F. GAUNTLETT,
Auditor General.

November 18th 1921.

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CONTENTS.

Departmental Control.

5. The Head of a Civil Audit Office in each province is known as the Accountant General except in Assam and the North-West Frontier Province where the designation is Comptroller, and the Indian Stores Department, where he is designated " Audit Officer ".

The term " Accountant General " wherever it is used in this code should be held to include the Comptrollers, Assam and North-West Frontier Province and the Audit Officer, Indian Stores Department.

6. The posting and transfer of Accountants General are made by the Government of India, but, subject to the provisions of Rule 28 of the Auditor General's Rules, those of the other Gazetted Officers of the General (or Public Works) List and Assistant Accounts Officers attached to a Civil Audit office are made by the Auditor General.

All reports of taking and giving over charge should be submitted to the Auditor General on the day the transfer of charge is effected.

7. All communications on matters affecting the administration of the Department should be addressed to the Auditor General even though it may rest with the Government of India to pass orders thereon. In urgent cases a communication may be addressed direct to the Government of India, but in that event a copy should be simultaneously sent to the Auditor General.

8. The Controller of the Currency exercises certain powers in respect of Currency, Resource and Budget matters under his control. References in connection with these subjects should ordinarily be addressed to him, but if in case of urgency they are addressed direct to the Government of India, copies should be sent to him.

9. References on all matters connected with audit and account, and the classification of receipts and charges, should always be addressed to the Auditor General.

10. The rules defining the financial powers of Accountants General are given in Appendix 3.

10-A. The transfer of the services of a Government servant from one Government office or Department to another is regulated by the " Government Servants' Applications for Posts (Central Services) Rules ", relevant portions of which are reproduced below—

" An applicant for appointment to a Central Service, or to any post in a Central Service, shall not be eligible for appointment, if he is in the service of the Crown in India and has applied without the consent of the Head of the Office or Department of the Government of India, or the consent of the local Government, as the case may be, under whom he is employed.

Permission to a Government servant employed in a Central Service to submit an application for a post, to appear for an examination for a post, or to transfer his services to a post, in another office or Department of the Government of India, or under a local Government, shall ordinarily be granted unless the Head of the Office or Department in which he is

employed considers that the grant of permission would not be consistent with the interests of the public service "

Appeals against Accountant General's Audit decisions

11 The Auditor General is the final audit authority in India and Rule 16 (1) of the Auditor General's Rules provides for the review, by that officer, of audit decisions given by subordinate audit officers

Relations with local Government.

12 The Accountant General should supply any information required by Government which can be derived from the accounts maintained in his office, and can be furnished without additional establishment If, however, the supply of information cannot be arranged for without extra establishment, a reference should be made at once to the Auditor General

13 The Accountant General should render such assistance as may be required by Government and other authorities in the preparation of their annual budget estimates

14 It is usually found convenient for the local Government, before passing orders, to obtain the advice of the local Accountant General as to any particular application of financial rules or orders concerning which there may be doubt Also, whenever the Accountant General is of opinion that any proceeding of the local Government transgresses any such rule or order, and consultation with the local Government has not led to the removal of the objection, he should adopt one of the following alternatives —

(*i*) If the case is one in which the Accountant General can ask for higher sanction or order the recovery of the amount involved, he should so act

(*ii*) If the case does not fall under (*i*) above and the Accountant General considers it desirable to proceed further, he should consult the Auditor General

General Duties and Restrictions on Powers

15 (*a*) The Accountant General is bound to ascertain that rules and orders are obeyed

(*b*) The degree of check to be applied to rules, orders and sanctions, or to financial transactions purporting to be in compliance therewith, is indicated in the rules in Chapter 5

(*c*) The Audit officers' powers to waive audit objections are stated in Article 156

16 An Accountant General may not without permission of the Auditor General, reverse any deliberate or important orders passed by any officer who preceded him in his office

17 An Accountant General may not issue any important notice to the public through Treasury Officers or otherwise unless its form has been approved by the Auditor General or the Controller of the Currency as the case may be

18. An Accountant General may not—

(1) forward an application for sanction for expenditure or for relaxation of leave or pension rules ; such an application must be simply returned for submission to the proper executive authority ; or

(2) propose increases in departments other than his own ; or

(3) on any account join in protesting against any retrenchment or economy which a competent authority may command ; or

(4) suggest expedients for the evasion of the natural operation of a rule when reporting on claims to pension or allowances of any kind, his duty being merely to report how a claim is affected by the rules ; or

(5) advise upon any questions relating to pensionary claims, until a Government servant absolutely retires, or is about to retire, from the service, except upon a reference from the Government of India or the local Government ; or

(6) issue orders stopping the payment of establishment or contingent bills of an office to obtain compliance with orders. The extreme measure of enforcing compliance with orders by means of stoppage of pay should be resorted to only under the express sanction of the local Government in each case.

18-A. In order to discharge his responsibility for the efficiency of control over the section of the office which handles cash, it is incumbent on the Accountant General or other head of the office at irregular intervals to satisfy himself that the system of supervision, as prescribed in authorised codes or special orders, is carried out efficiently, and that if there is any defect in supervision it is corrected and any necessary amendment of the rules receives the sanction of competent authority. The fact that the Cashier (or other subordinate who handles cash) has given security, or executed a bond, in no way alters this responsibility of the Head of the office.

Not only is it desirable that there should be systematic internal checks over the accounts of the moneys passing through the hands of the Cashier and other officials concerned, but it is equally important that there should be a continuous review of the arrangements for the expeditious disbursement of the moneys, for the custody thereof, and for the prompt and correct disposal of undisbursed balances and of sums otherwise payable into the treasury, and that there should be adequate reconciliation, preferably without previous notice, of cash balances with the accounts outstanding against the custodians of the balances. In verifying cash balances, it is important to remember that verification serves no purpose unless it takes into account, simultaneously, on the one hand all different categories of cash in the keeping of the official or group of officials concerned, and, on the other, all examined accounts for such cash.

Transfer of Charge.

19 A register should be maintained detailing all keys and valuable and secret documents in the personal charge of the Accountant General At the time of transfer, the relieved Accountant General should hand over to his successor all the articles detailed in the register, and report to the Auditor General that he has done so This report should be countersigned by the relieving officer who should also sign the list in the register in token of his having received all the articles specified therein

20 When an Accountant General is being relieved either permanently or temporarily of the charge of his office he will draw up a memorandum showing in what respects the working of any of the sections of his office is defective or in arrears and noting any important irregularities in connection with the offices rendering accounts to him In the memorandum he should specify clearly all important defects that may exist in the working of his own office or of accounting offices and state the causes thereof and the remedies he has applied or intended to apply, and should also mention the state of the codes and Manuals for the upkeep of which he is responsible (to what extent up to date, necessity for reprinting, etc) and important cases which are pending and are likely to call for the special attention or scrutiny of the relieving officer The relieved officer is, in short, expected to place the results of his special knowledge and experience of the office at the disposal of his successor in order that the latter may not start handicapped by ignorance of the state of the office or of such matters as require his special and personal supervision and that, as far as possible, any breach of continuity in procedure or practice may be avoided in regard to cases and matters actually under settlement This memorandum should be handed over to the relieving officer a copy being simultaneously submitted to the Auditor General, by the relieved officer with the advice of his having made over charge It will be the duty of the relieving officer to make a preliminary examination at the time of relief, and within the space of three months, to satisfy himself fully that everything is all right and to make a report to the Auditor General, if he finds that the contrary is the case

Chapter 2.—Departmental Regulations—Gazetted Staff.

Constitution.

21. The gazetted staff consists of officers of the Indian Audit Department, styled Deputy or Assistant Accountants General or Probationers, and of Assistant Accounts Officers. In the North-West Frontier Province and Assam the Deputy and the Assistant are designated as Deputy and Assistant Comptroller ; but see Article 5.

1. All Assistant Accounts Officers, other than those who were appointed as Chief Superintendents prior to 3rd June 1914, are liable for service anywhere in India and Burma. See also Article 61.

22. A scale of gazetted officers has been fixed for each Audit office and is ordinarily followed in the distribution of officers.

23. The Auditor General is authorised to fix or change the headquarters of any gazetted officer under his control.

Distribution of Work.

24. The distribution of work among the gazetted officers is left to the discretion of the Accountant General. The Budget Department ~~(and the Resource Department in Madras and Burma)~~ and the sections exercising higher Audit functions and performing such audit of appropriations as is conducted on behalf of the Legislature must be directly under the Accountant General. Except in the case of the smaller offices, where it may not be possible or necessary, the Accountant General should aim (*a*) at making the Deputy or one of the Deputies responsible for the administration of the office, so as to relieve himself as far as possible from the details of office administration, (*b*) at placing all audit work under the general control of the Deputy or Deputies, and (*c*) at releasing the Deputy or Deputies as far as possible from supervision of the detailed work of individual audit sections so as to afford time for general control. As far as possible, the whole of the Gazetted Audit Department should also be placed under the same gazetted officer. But the Accountant General will remain generally responsible for the whole work of the office, and he should take such measures as are necessary for keeping himself thoroughly acquainted with the departments which are not in his immediate charge. He should also, as far as possible, avoid changes among his departments.

Training and Examination of Junior Officers

25 The rules for the training and examination of Probationers in the General List of the Indian Audit Department are given in Appendix 4

Leave Applications

26 (*a*) Leave applications of officers holding the rank of Accountant General require the sanction of the Government of India in the Finance Department and should be submitted to the Auditor General, who will forward them with his opinion as to whether the leave should be granted, and suggest the departmental arrangements to be made if the leave is granted

No. 83.

Page 7, Article 26

(1) *Delete* clause (a) of this Article

(2) *Delete* the word ' other" from the first line of clause (b) which after the deletion of clause (a) will become the main Article 26

(3) *Delete* the second sentence of the Note under the existing clause (a)

[Audit Code, Vol I, 1st Edn (2nd Rep), No 63, dated the 4th April 1936]

posal with the recommendation of the Accountant General

27 (*a*) Heads of Civil Audit offices may deal finally with applications for leave on average pay up to four months of Assistant Accountants General

NOTE 1—The Auditor General may suspend the exercise of the power, where the appointment of a substitute is involved, when there is an excess of gazetted officers on duty over the sanctioned number of charges in the Department

NOTE 2—If leave be refused in any case, a report of the reasons for the refusal shall be made to the Auditor General

NOTE 3—All grants of leave, and the date of departure on, and return from, leave shall be reported at once to the Auditor General

(*b*) They may also deal finally with applications for all kinds of leave of Assistant Accounts Officers and may appoint officiating officers in their places All grants of leave and officiating appointments made in consequence should be reported to the Auditor General

27 A All Officers of the Indian Audit and Accounts Service and Assistant Accounts Officers promoted from the All India List of Public Works Accountants shall before they make over charge of their duties when proceeding on leave report to the Auditor General their address during leave

27 B Officers of the Indian Audit and Accounts Service who take leave on grounds of ill health, whether on medical certificate or not, should submit to the Auditor General a medical certificate of fitness under Fundamental Rule 71 in time to reach him at least one week before the expiry of leave or extension of leave which has been sanctioned for one

month or less and two weeks before the expiry of leave or extension of leave which has been sanctioned for more than one month. In the absence of a fitness certificate, or of other advice, it will be assumed that the absentee is not well enough to return to work on due date but will apply for extension of leave on production of a proper medical certificate.

27-C. All officers of the Indian Audit and Accounts Service returning from leave out of India should intimate to the Auditor General in good time the date on, the ship by, and the port at, which they intend to reach India. On arriving at the port of disembarkation they should *invariably* call at the office of the Accountant General or, in the case of arrival at Karachi, at the office of the Audit Officer, Lloyd Barrage and Canals Construction, and ask for orders of posting, if not already received, or for confirmation of orders received previously.

28. Heads of Audit offices should submit to the Auditor General, by 1st July and 15th October each year, reports of the intentions of all gazetted officers, including themselves, to proceed on leave between October and March, and between April and September, respectively. The reports should be submitted in Form 1.

Superannuation.

29. Recommendations for extension of service after superannuation should not be submitted more than six months before the date on which the gazetted officer would, in the absence of special orders, retire.

1. Assistant Accounts Officers should be considered as non-ministerial servants for the purpose of Rule 56 of the Fundamental Rules.

Retirement and Resignation.

30. Applications for pensions of gazetted officers of the Indian Audit Department should be submitted to the Auditor General.

NOTE.—Under Rule 29 of the Auditor General's Rules, the Auditor General, in addition to according sanction to ordinary pensions, can also exercise the powers of a Local Government under Civil Service Regulations, Article 475-A, in respect of the sanction of additional pensions.

30-A. Resignation of members of All-India Services serving in the Indian Audit Department, who resign before they become eligible for either retiring or superannuation pension must be submitted through the proper channel for sanction of the Secretary of State. The reasons for such resignation, where these are known, shall also be communicated with notice of the resignation, for transmission to the Secretary of State when his sanction is sought.

Fees.

31. Gazetted officers of the Indian Audit Department may not take up the audit of accounts or other similar private work, for remuneration or otherwise, without obtaining special sanction, which will be—

(1) that of the Auditor General,

(*a*) if the work carries no fees, or

(b) if, in the case of Assistant Accounts Officers, the amount of the fee is not in excess of the limit which the Auditor General is empowered to sanction,

and (2) that of the Government of India in all other cases

1 This Article does not apply to work of other classes which is governed by the rules framed by the Government of India under Rule 47 of the Fundamental Rules

Confidential Reports

32 The Accountant General should send an annual report in Form No 1-A on each officer of the Indian Audit and Accounts Service including probationers confidentially to the Assistant Auditor General (Personnel) by name, so as to reach that officer by the 15th of April, reports on gazetted officers of the Currency Department in Madras and Burma being sent through the Controller of the Currency These reports should be prepared in accordance with instructions issued from time to time Office copies need not be kept

1 It is not necessary that when the Accountant General makes adverse comments on the work or conduct of a gazetted officer he should tell him so, but it is necessary that, ordinarily, at some time or other during the period under report, the gazetted officer should have been made acquainted with the opinion of the Accountant General and told that he must endeavour to effect an improvement. Only those defects need be pointed out which can be remedied and great attention should be paid to the manner and method of communication in order to ensure that, having regard to the temperament of the officer concerned, the advice given and the warning administered shall be most beneficial to him It is important that the effect of the admonition should be mentioned in the confidential report

2 Annual reports only on those Assistant Accounts Officers who are recommended for special promotion to the General List should be submitted to the

No. 2

Page 9, Article 33—

For the heading 'Conduct Rules" *substitute* the following —

"Conduct, Discipline, Appeal and Memorial Rules"

[Audit Code, Vol I, 1st Edn. (2nd Rep), No 2, dated the 1st June 1935,]

... under the ... pect of all Government servants under ... administrative control

34. An Accountant General is bound to report to the Auditor General, promptly and strictly, any misconduct on the part of a subordinate gazetted officer

35 If the pay of any officer in the General List of the Indian Audit Department be attached by order of a Civil Court, the fact must be immediately reported to the Auditor General, together with the explanation of the officer

1 The Rules in Article 76 apply also to gazetted officers

36. On the subject of arbitrations the following rules have been laid down :—

1. A Government servant shall not act as arbitrator in any case without the sanction of his immediate superior, unless he be directed so to act by a Court having authority to appoint an arbitrator.

2. *No Government servant shall act as an arbitrator in any case which is likely to come before him in any shape in virtue of any judicial or executive office which he may be holding.*

3. If a Government servant acts as arbitrator at the private request putants, he shall accept no fees except as provided in the rules framed Government of India under Rule 47 of the Fundamental Rules.

4. If he acts by appointment of a Court of Law, he may accept such fee Court may fix.

36-A

37. In regard to the title to medical attendance, the rules ap to Civil gazetted officers of the province generally are equally ap to officers of the Indian Audit Department.

38. For rules regarding the submission of petitions to the G ment of India and of memorials to the Secretary of State, see the ing documents :—

Home Department ...

... petitions to the ... transmission ... or to the Right ... contained in the ... Department, Nos. ... 1933. These instruc- ... the statutory appeal ... appeal rules are contained ... Control and Appeal)

... No. 3, dated the 1st June 193 ... 26th September 1[illegible]

... ment servants may join in combined memorials when the ma' ... they wish to petition Government is not connected with their posi' as servants of Government.—(*Finance and Commerce, No. 895, dated 14th* ... *1883.*)

NOTE 2.—Appeals or representations addressed to the Government of Indi[illegible] the Secretary of State should be submitted to the Auditor General in duplicate.

NOTE 3.—Copies of memorials addressed to the Secretary of State for India in Council or to t[illegible] Governor General in Council should not be forwarded by the memorialists direct to those authorities, as such a practice is not authorised by the rules for the submission of memorials.

39. No gazetted officer should correspond direct with an authority superior to the officer under whom he is immediately serving, or with the Auditor General or the Government of India, out of the regular course, unless in a case of extreme emergency, in which case he must send copies of his communications to his immediate superior.

Government Residences

40. The provision of residences for Government servants and the assessment of rents will be governed by Rules 45 to 45-C of the Fundamental Rules and any other rules framed thereunder

Chapter 3.—Departmental Regulations—Establishment.

Sanction and Revision.

41. Any proposal for revision of the establishment or for temporary or permanent additions thereto, which is not within the powers of the Accountant General to sanction, should be submitted to the Auditor General either for his sanction or for the sanction of the Government of India.

1. If the work of the Local Audit Department is handed over to the Accountant General, the powers of sanction of the Auditor General and the Accountant General in respect of the establishment entertained on such work will be the same as their powers in respect of establishments employed in Audit offices. Proposals for revision which are beyond the powers of sanction of the Accountant General should be submitted to the Auditor General either for his sanction or for the sanction of the Government of India, as the case may require. If an establishment is employed under an Accountant General partly on Government work and partly on local fund audit, a proportionate share of the cost of the establishment will be charged to the Local Government. If the Local Government has taken over the control of the Local Audit Department and the Accountant General desires to ask the Local Government to permit that Department to undertake on his behalf any work in connection with the audit of Government accounts it should be arranged with the Local Government that, if the Local Government desires to raise the rates of pay of the Local Audit staff so as to increase the amount due from Central Revenues in payment for the work undertaken on its behalf, it shall first address the Accountant General so that he may be able to make other arrangements for that work if the change be deemed desirable.

2. Proposals for revision of the establishment of Divisional Accountants should be submitted to the Auditor General either for his sanction or for the sanction of the Government of India, as the case may require.

Appointment and Promotion.

General.

42. The appointment and promotion of persons on the establishment of a Civil Audit office rest with the Accountant General, subject, as regards members of the Subordinate Account Service, to the provisions of Articles 47 to 63, and as regards Divisional Accountants, to the rules in the Public Works Account Code.

43 It is desirable to test the qualifications of clerks on first appointment and, subject to the general instructions issued by the Auditor General from time to time, suitable rules should be laid down by the Head of each Audit office with reference to the state of education and the supply of educated men in the province

43-A The Accountant General is personally responsible for seeing that orders and instructions of the Government of India and of the Auditor General relating to the appointment of members of minority communities are obeyed

43 B Subject to the observance of orders and instructions referred to in the preceding article, sons of Government servants who have served long and faithfully in Accounts and Audit Offices may be given preference for appointments in the clerical and lower grades provided they have educational qualifications approximately equal to those which are required in practice in the case of other recruits and provided also they appear to be fully up to the calibre of the staffs to which they are intended to be recruited

43-C Accountants General should be very sparing in the exercise of their powers to relax the age limit for appointments in their offices and should not accord special treatment in this matter to cases coming under the previous article

43-D Subject to the following exception, recruitment in Civil Audit and Account Offices is restricted to residents of the province in which the office is situated —

(*a*) In cases coming under article 43 B, the candidate may be recruited to an office in the province of origin of his father

(*b*) If difficulty is experienced in recruiting members of minority communities with adequate qualifications they may be recruited from an outside area

NOTE —For the purpose of this article the provinces of Delhi, the Punjab and the United Provinces will be considered as "the province" in the case of recruitment to Civil Audit and Accounts Offices in the Delhi Province

43 E In offices where recruitment for the clerical and lower grades of superior services is not made by an entrance examination a selection board should be constituted within the office to recommend to the Accountant General the order in which candidates for posts should be appointed

44 *Deleted*

45 As a precaution against the inadvertent re employment of men who may have been dismissed the Head of the office should ascertain whether an applicant for a post has been in Government service before, and should refer to his previous employer if the circumstances connected with his discharge are not clear Every applicant should be required to furnish a certificate of good character having special reference to the previous two years, and, if he was ever in service before, he should further be required to produce a copy of his character book or other record of service A person who succeeds in obtaining employment by the concealment of his antecedents would obviously merit dismissal on the true

facts being discovered. The sanction of the local Government should always be required to the re-employment of persons dismissed.

NOTE.—Dismissal should be distinguished from ordinary removal or discharge.

46. A character roll in Form 1-B, which will be in the nature of a confidential report, will be maintained for each member of the Subordinate Accounts, Divisional Accountants and Clerical Services.

In the case of members of the Subordinate Accounts Service the report will be written up by the Gazetted Officer personally and submitted to the Accountant General for the endorsement of further remarks.

In the case of members of the clerical establishment and Divisional Accountants attached to the Audit Office, the details of the report will be filled in by the Sectional Superintendent. The reports thus prepared will be submitted to the Gazetted Officer in charge of the section who will sign them after adding such remarks as he may consider necessary.

1. See also rule 1 below Article 32.

2. The Accountant General should arrange for a periodical inspection of these character rolls to see that they are kept up to date.

3. ~~The character rolls should~~ be entered up annually and at every [illegible] gazetted officer in the [illegible]

No. 19.

[illegible] 14, Article 46, Rule 3

[illegible] the following for the opening words "The character rolls should" in this Rule:—

"[illegible] the [illegible] of the head of the office in matters of detail, the [illegible] rolls should generally".

[illegible] Vol. I, 1st Edn. (2nd Rep.), No. 19, dated the 1st June 1935.]

[illegible] under the rules applicable to each branch.

The Ordinary branch is divided into two sections, the designations of the incumbents being Senior Accountants and Accountants.

NOTE 1.—There is no duty in the Civil Audit office the performance of which by a clerk or a Divisional Accountant can give rise to a claim by him for promotion to the Subordinate Accounts Service, but special pay is sometimes given under Article 64 for performing duties carrying special responsibilities. A person appointed as an officiating Accountant, under Article 49 or 53, may, however, be allowed the enhanced pay on account of that appointment if he has assumed the duties generally allotted to the supervising staff. Divisional Accountants when attached to the Audit office are generally expected to perform the duties of the supervising staff, but they may, when necessary, be employed on duties which are identical with those of clerks. It is not permissible to allow enhanced pay to a clerk appointed to perform the duties of a Divisional Accountant so employed during his absence on leave or otherwise, unless such clerk is qualified for officiating promotion to the rank of Divisional Accountant.

NOTE 2.—Appointment to the service carries with it the liability of transfer [illegible] the offices of the Auditor General and the Controller of the Currency, and [illegible] liability should be intimated to incumbents on their first appointment. In [illegible] case of persons appointed prior to 3rd February 1914, endeavours will be ma[illegible] make the terms of transfer attractive, but if such transfer is refused, the [illegible] concerned must be prepared to forgo further increase of pay in his local offic[illegible]

*The rules relating to the Local Audit branch of the Subordinate A[illegible] Service do not apply to provinces in which the Local Audit Department [illegible] transferred to the control of the Local Government

48 Appointments to this Service may, at the discretion of the Accountant General, and subject to the rules in Articles 49 to 50 B, be made as follows —

(i) by transfer of men who are already in, or have qualified for promotion to, the Subordinate Accounts Service of any one Branch to the Subordinate Accounts Service of another Branch ,

(ii) by confirmation of persons recruited as apprentices, after they have become duly qualified ,

(iii) by promotion from the Clerical or Divisional Accountants Service

49 The following rules govern the appointment of persons recruited from the source indicated in clause (i) of Article 48 —

(1) No person so appointed can be confirmed unless he has passed the qualifying departmental examination prescribed in Appendix 4 for the branch of the service in which he is to be confirmed All men so transferred, though counting *against the sanctioned strength, must, therefore, at first be* appointed on probation only

(2) The period of probation shall not be less than six months and shall cease not later than the date on which the result of the third qualifying examination at which the candidate appears reaches the office to which the candidate belongs

(3) Every person appointed on probation under Rule (1) above must appear at the first and, if he fails, at the second and third examinations held after his appointment unless the first examination is prescribed to be held within six months of the date of his appointment in which case, if he does not appear at that examination, he may be allowed to appear at the second, third and fourth examinations instead

NOTE.—A candidate is not bound to sit at the first examination, even if it be held more than six months after his appointment, if he does not desire to do so and the Accountant General thinks it will interfere with his training In such a case, however, he loses one chance

(4) Except with the special sanction of the Auditor General, failure to pass at the third examination at which the candidate should appear will entail reversion to the post which he held substantively prior to his transfer

50 It is important that, under clause (ii) of Article 48, should be recruited occasionally though on a
They should be young men with brilliant

officiating Assistant Accounts Officers whose General Provident Fund Accounts are not maintained by the Accountant General, Central Revenues, a copy of the sanction together with a statement of the reasons for which and a reference to the rule under which the advance has been sanctioned, should be communicated for audit to the Audit Officer responsible for the audit of the establishment pay bills of the office concerned. The bill in which the advance is drawn need not, however, be sent for audit.

NOTE 4.—Bills relating to the payment of gratuity under the Civil Service Regulations and under the State Railway Provident Fund and Gratuity Rules need not be submitted to the Audit Officer who audits the pay of the staff as such claims are certified by him before the payment is made. They should be audited by the Audit Officer in whose jurisdiction the payment occurs.

(*b*) All arrear bills relating to claims more than six months old should be submitted to the audit officers concerned for pre-audit.

(*c*) In order to ensure that all classes of bills pertaining to an audit office are duly sent for audit, the office to which the bills pertain should furnish to its audit officer every month a certificate in the following form :—

'Certified that a total sum of Rs..........has been booked in the accounts of my office for the month of..................on account of pay / travelling allowance / contingencies / etc. of officers / establishment of my office / the office of........ and that vouchers to the amount of Rs....... are sent herewith / have been sent with my letter No........or the...... Vouchers for the balance of Rs............will be sent shortly'.

(*d*) In cases where the charges relating to an audit office are not booked in that office but in some other account office, the above certificate should be furnished by the office which actually books the charges.

(*e*) Details of the several classes of expenditure working up to the total amount mentioned in the certificate should be noted at the foot of the certificate as indicated below :—

Pay of officers..............

Travelling allowance of officers............

Pay of Establishment............

Travelling allowance of Establishment............

Contingencies..................

Etc.............

(*f*) The Accountant General, should arrange for a periodical review of the audit performed under this rule.

Leave

68 The grant of leave to all persons on the establishment lies with the Accountant General In cases of illness medical certificates should ordinarily be accepted only from recognised medical attendants according to the leave procedure rules applicable to establishments under the control of the Government of India But it is not necessary to insist on this course when certificates are required to justify mere casual leave of absence

Training

68 A The Auditor General may authorise non gazetted Government servants in his office or in the offices under his control to undergo a course of training or instruction in any office, whether in the Audit Department or outside it, whenever the necessity arises

Fines

69 Fines may not be imposed upon members of clerical and ministerial establishments The forms of punishment that can be suitably resorted to for the proper maintenance of discipline among such establishments are official reprimand addition to work postponement of increment of pay, stoppage of promotion reduction of existing pay, entry of misdemeanours in the service book suspension and in the last resort, discharge or dismissal from the service of Government These orders do not apply —

(i) To the inferior establishments for whom there is no other means of punishment for petty carelessness lateness and idleness, and whose position is very similar to that of domestic servants

(ii) To purely temporary clerical establishments

NOTE—To reduce a clerk's pay for such a period as a month only is a contravention of the above order

Dismissal, Discharge and Resignation

70 The dismissal or discharge of members of the establishment lies with the Accountant General but except in case of dismissal in consequence of facts or inferences elicited at a judicial trial or in the case of persons who abscond with accusations over their heads no person should be dismissed or discharged the service until the charge against him has been reduced to writing as well as his defence and the order thereon

1. Further instructions regarding proceedings on dismissal or discharge are contained in Government of India, Home Department, Resolution No. 37|1389—1404, dated 29th July 1879, and its annexures, and No. 10-Pub.|917—926, dated 15th June 1895.

71. The head of an office is bound to be careful, in giving certificates to subordinates, to state the whole truth in respect of character or cause of dismissal or discharge or resignation of post.

72. An inferior servant, whether permanent or temporary, desiring to resign his post, is required to give one week's notice. In the absence of such notice he shall forfeit one week's pay.

Date of Birth.

73. Without the sanction of the Auditor General no alteration may be made in the date of birth of a subordinate as recorded in his service book. See also Article 62 (1) (*b*) of the Civil Account Code, Volume I.

Fees.

74. Government servants of and below the rank of Senior Accountant and Divisional Accountants are not at liberty to take up the audit of accounts or other similar private work otherwise than under the rules framed by the Government of India under Rule 47 of the Fundamental Rules.

Accountants General should act in accordance with the following principles in exercising the powers conferred by those rules—

(1) The remuneration granted for such work in the case of any official year to any particular Government servant should not exceed one-third of his pay for that year ;

(2) The previous sanction of the Auditor General should be obtained before any such Government servant is allowed to undertake for remuneration the work of maintaining or supervis[illegible] the accounts of an institution.

Appeal and Memori[illegible]

Conduct Rules.

75. " The Government Servants' Conduct Rules " refer Article 33 are applicable to all members of the establishment the rules should be kept available for general reference in ea[illegible]

75-A.

76. The rules relating to attachment of pay contained ir Civil Account Code, Vol. I, are applicable to all Gazetted Offi serving in the Audit Department.

ANNEXURE A

(REFERRED TO IN ARTICLE 67 (a) (ii))

Statement showing the distribution of audit of the bills pertaining to the non gazetted establishments and of the contingent bills of each audit or account office

Serial No (1)	Name of the office of which the bills will be audited (2)	Name of the office in which the bills will be audited (3)
	Administrative Offices	
1	Auditor General	Accountant General Central Revenues
	Civil accounts or audit offices	
2	Accountant General Central Revenues (including the Deputy Accountant General Central Revenues Calcutta)	Accountant General, Punjab
3	Accountant General Bengal	Accountant General Burma
4	Ditto Central Provinces	Ditto Bihar and Orissa
5	Ditto Bihar and Orissa	Ditto Central Provinces
6	Ditto Punjab	Ditto United Provinces
6 A	Ditto United Provinces	Comptroller, North West Frontier Province
7	Accountant General Madras (including the Audit Officer Cauvery Metur Project)	Accountant General Bombay
8	Accountant General Bombay	Ditto Madras
9	Ditto Burma	Ditto Bengal
10	Comptroller Assam	Ditto Do
11	Audit Officer Indian Stores Department	Ditto Central Revenues.
12	Audit Officer Lloyd Barrage and Canals Construction	Ditto Punjab
12 A	Comptroller North West Frontier Province	Deputy Accountant General Central Revenues Calcutta
	Other accounts or audit offices	
13	Accountant General Posts and Telegraphs	Accountant General, Central Revenues.
14	Deputy Accountant General Posts and Telegraphs, Calcutta	Ditto Bihar and Orissa

Serial No. (1)	Name of the office of which the bills will be audited. (2)	Name of the office in which the bills be audited. (3)
15	Accounts Officer, Telegraph Check Office, Calcutta.	Comptroller, Assam.
16	Deputy Accountant General, Posts and Telegraphs, Nagpur.	Accountant General, Central Provinces.
17	Deputy Accountant General, Posts and Telegraphs, Madras.	Ditto Madras.
18	Deputy Accountant General, Posts and Telegraphs, Delhi.	Ditto Central Revenues.
19	Director of Railway Audit . . .	Ditto ditto.
20	Do. Army Audit . . .	Ditto ditto.

Chapter 4—Office Procedure.

Office Manuals

77 Office orders regarding minor points of procedure should be submitted to the Accountant General for signature, and should not be changed except under a similar order signed by him

78. The Accountant General should keep his establishment fully acquainted with all changes either by issuing monthly a brief abstract of all general orders or by means of office orders or by circulating individual orders and supplying copies thereof to the sections concerned and by inserting in the office manual all local and special orders affecting his office duties

NOTE—Two copies of each Manual should be sent to the Auditor General.

Correspondence.

79. The following are the chief rules for correspondence to be observed by officers in the Audit Department —

(a) No communication implying any dissatisfaction or censure, and no letter to Government, Local or Central, or to the Auditor General, should issue from any office of account, except under the signature of the Accountant General ; and no letter on any but routine subjects should issue until the Accountant General has approved the draft Also, all documents or statements which are intended to be used beyond the limits of the Accountant General's own province should be sent out under the signature of the Accountant General, except in the case of periodical statements or accounts rendered to another Audit or Account office

[1] In the absence of the Accountant General from headquarters such letters may be signed by the Deputy Accountant General for him ; but all of special importance should still be sent for his signature.

2. The Accountant General may authorise Gazetted officers under him to sign communications of a routine nature to the local Government or to the Auditor General. Such an order must be withdrawn if the local Government object.

(*b*) Letters on matters of routine relating to the departments under the management of a Deputy or an Assistant should be issued under the official signature and designation of the Deputy or Assistant on whose responsibility they are issued, the heading, however, being as from the Accountant General and not from any member of his gazetted staff. The signature of a letter by a subordinate *for* a superior indicates that the letter is, in every respect, one issuing from the superior, but that some casual circumstance prevented his appending his own signature.

An Accountant General may empower selected superintendents of branches to sign original papers in which no objection is raised, nor an opinion expressed, especially in correspondence with officers other than those belonging to All India Services. It is left to the Accountant General to specify the classes of correspondence which may be so disposed of, and to impose any restrictions which he may consider advisable. The Superintendents so authorised should sign as for the gazetted officer in charge.

1. See Article 212.

(*c*) In forwarding copies of correspondence for information or orders, copies should be sent of all papers necessary for a clear understanding of the subject. But an Accountant General should always submit a *complete* statement of the question on which he wishes orders, with his own opinion.

(*d*) The subject of a letter under reply should always be briefly but clearly stated in the opening of the reply (unless the reply practically repeats the whole of it in an affirmative or negative form) : it is not enough to quote simply the number and date. Similarly, a reminder should state the subject, not merely the number and date, of the letter to which attention is drawn. To facilitate reference, the paragraphs of a letter should be numbered and similar numbers should be inserted in the office draft.

(*e*) The use of vernacular terms in correspondence should be avoided as much as possible, especially in letters addressed to authorities or officers serving in other provinces.

(*f*) Letters should bear the date of despatch, not that of draft.

(*g*) When the reply to a letter is likely to be delayed for want of answers to references, the writer of the letter under reply should be informed.

(*h*) Official letters addressed to the head of an office should not bear his name on the cover, unless it is intended that the cover should be opened by the officer personally. Confidential papers should be placed in double covers, the inner cover

being marked "confidential" and superscribed with the name only of the addressee, the outer cover being addressed to him by his official designation only, and without the addition of his name

(i) Direct communications of Government officials (except in cases of long established practice) with officials in the United Kingdom, continental Europe, and the Colonies are prohibited, but references to them may be made through the proper channel of the Government of India and the Secretary of State or the High Commissioner for India, as the case may be

(j) The name as well as the official designation of the writer, should be set out at the head of every letter addressed to the Government of India in any department

NOTE—All communications addressed to the Auditor General, which will require ultimately to be forwarded to the Government of India or other authority (for example, applications for revision of pay for increased establishment, for extra grants, etc), should be submitted in duplicate

Issue to other Audit Officers of Authority for Payment

79 A In each Audit Office there should not ordinarily be more than three Gazetted Officers who are empowered to issue authorities for payment to other audit officers, whether in the form of letters, telegrams or enfacement on vouchers Two of these may be the officers in charge of the Gazetted Audit and Pension Departments and the third any officer whom the head of the office may select for miscellaneous payments The officer authorising such payments should stamp with a special seal the document to which he affixes his signature as an authority to pay These special seals should remain in the custody of the officer himself, and specimen impressions, duly attested, should be supplied to all audit offices

When any change occurs among these officers the fact should be intimated and the specimen signature of the new officer sent, to other audit officers The specimen signature, when forwarded on a sheet of paper other than the forwarding letter itself, should be attested by the officer signing the forwarding letter

When dealing with such authority for payment the sectional superintendent should satisfy himself by comparison with the specimen signature on record that the signature on it is genuine He should also see that the authority is stamped with the special seal of the office of issue In the case of telegraphic authority the payment should not ordinarily be made or authorised until the post copy of the telegram is received any case of special urgency being specifically brought to the notice of the Branch Officer for orders

NOTE 1—The arrangement prescribed in this article is observed also as between the civil combined offices of accounts and audit and the Railway Accounts offices

NOTE 2—Specimen signatures need not be sent to the offices of Controllers of Military Accounts, who are not audit officers for the purpose of this Article

Supply of specimen signatures to Treasury Officers.

79-B. The specimen signature of all officers serving in an Audit Office who are authorised to sign payment orders on bills and vouchers or to issue letters of authority for payments to be made at treasuries will be supplied to all treasury officers within the jurisdiction of the Audit Officer concerned. When an officer is relieved from such duties, the fact of his relief should be intimated to the treasury officers.

Production of Official documents in a Court of law.

79-C. When a Government servant is summoned by a Court to produce official documents for the purpose of giving evidence the procedure prescribed in office Memorandum from the Government of India in the Home Department No. F. 322/34-Judicial, dated the 11th April 1934 (circulated with Auditor General's endorsement No. 276-Admn. 1/197-33, dated the 10th May 1934) should be followed.

Form of Statements.

80. In all statements submitted to Government, or to the Auditor General, the names of the different Governments must be arranged in the order given in the margin, and all returns and estimates submitted to the Finance Department, except Consolidated Abstracts, Journals and Ledgers, shall be on foolscap.

Central Revenues (including Baluchistan and Delhi Province).
Madras.
Bombay.
Bengal.
United Provinces.
Punjab.
Burma.
Bihar and Orissa.
Central Provinces.
North-West Frontier Province.
Assam.

81. No larger paper than foolscap should ever be used or prescribed unless absolutely necessary.

82. Every return should be headed with its name, the name of the Province (or office of issue), and the period to which it refers. No covering letter should be sent with a prescribed periodical return. Nor should a formal letter be written to report a return blank ; it is sufficient to write the word " blank " conspicuously under a heading of the kind just prescribed.

83. All returns should, before despatch, be examined by a competent person, who should annex explanations of extraordinary or indefinite entries.

Circular Letters.

84. It is the practice of the Auditor General to issue all instructions for permanent observance as Code alterations, while *general* letters are used in cases where orders are only to be acted on once for all, and the same course should be followed in local Audit offices. Each Audit office should send copies of its circulars to the Controller of the Currency in respect of matters under his administration and, except when such circulars deal with urgent or with routine matters, they should be submitted

for the previous approval of the Controller of the Currency. The issue of circulars by local Audit offices should, however, be restricted as far as possible.

1. For the sake of uniformity, the form of the Auditor General's circulars should be imitated as far as convenient, both in respect of size and of arrangement. The subject should be stated in two or three words at the top, then follow the name of the issuing office, and in another line the number and date of the circular

Cheque and Bill Forms

No. 106.

(as revised by correction slip No. 107, dated the 1st July 1936)—

Insert in the list of forms in this rule as item (2) "Remittance Trans Receipts" and *re-number* the existing item (2) as item (3).

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 119, dated the 1st October 193

to make up the deficiency in their reserve stock

Cheque forms for use by officers of Provincial Governments are printed at the Government of India Press, Calcutta on the requisition of the different Accountants General, who should forward indents by the 1st May each year direct to the Manager of the Press for compliance, together with a sample of each of the forms required and full details as to requirements.

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 107, dated the 1st July 1936.]

in the personal custody of the drawing officer (see Article 22, Civil Account Code, Volume I)

Cypher Code.

86 The Finance Department Cypher Code must remain in the personal custody of the Accountant General who will himself compose and write all messages sent in it The Cypher Code of the Currency Department is also confidential and should be kept locked up carefully in the personal custody of a Superintendent or a Gazetted Officer.

Control over Expenditure.

87. The Auditor General controls the charges under the major head "23—Audit" incurred in the several Audit offices subordinate to him and the heads of those offices are responsible that expenditure is kept within the limits of appropriations. A reference should be made to the Auditor General, whenever any excess has occurred, or is likely to occur, under any head of appropriation.

88. In order that the Auditor General may be in a position to watch the progress of expenditure in the several Audit offices and to ascertain where a saving is likely to occur, each Accountant General should submit to him reports through Statements in Forms 2 and 2-A of expenditure under each primary unit of appropriation against his office budget as well as for charges relating to Gazetted Officers attached to his office. A report for the first five months of a financial year in Form 2-A is not necessary while only one report in Form 2 for the period ending in June should be submitted to the Auditor General by the middle of July. The reports for the sixth month and for the months following should reach the Auditor General's office by the middle of the month succeeding that to which they relate, and they should show separately the figures for "Leave Salaries" of officers paid by the head of one Account office on behalf of another and "Amounts payable to other Governments, Departments, etc." as indicated therein. In order to render possible a proper distribution of the figures for periodical adjustments against the monthly expenditure under each primary unit, the details of all book adjustments should be given in a footnote to the forms.

The fact that the monthly statement of expenditure in Form 2-A is not necessary for the first five months of a year does not do away with the responsibility of an Accountant General for watching the progress of expenditure in his office in relation to the budget grant. Each Accountant General must review the progress of expenditure of this period every month and report to the Auditor General any abnormal expenditure or saving which is likely to cause an excess or large saving in any head.

Books and Newspapers.

89. The Accountant General is authorised to purchase such books and papers as may be necessary for the various departments of his office from his grant for contingencies.

89-A. Full powers have been delegated to all Accountants General, the Deputy Accountant General, Central Revenues, Calcutta, and the Directors of Railway and Army Audit, to incur expenditure on the purchase of priced official publications issued in India, if the cost can be met within the budget provision made for the purpose or by a [illegible] of sanction.

[illegible] thin
for peri[illegible]
used in cases
same course shou[illegible]
should send copies of [illegible]
respect of matters under [illegible]
culars deal with urgent or with [illegible]

Telegrams.

[illegible] telegrams to be sent must [illegible], a teleg[illegible] ly atten[illegible]

Library and Records

91. The following rules have been laid own for the care of the Auditor General's office library, and are recommended for adoption :—

(1) The books are collected together in the Assistant Accounts Officer's room under the charge of a clerk ; duplicate files of Gazettes, etc., are in the custody of the record-keeper.

(2) A revised catalogue is prepared from time to time, and missing books accounted for ; the clerk in charge must every month make a report of the books missing from the shelves and produce the receipts. The Assistant Accounts Officer is responsible for seeing that this return is complete.

(3) No books must be removed from the library without the permission of the Assistant Auditor General (Personnel)

(4) A receipt must invariably be taken from an officer removing a book, to be returned to him or cancelled when the book is returned to the library

92. Every officer, upon receiving charge of a post to which the care of a library is attached, must satisfy himself as to the state of the library. Unless he then reports that the books are out of order, or that any volumes are missing, it will be assumed that he received the library in good order, and he will be thenceforward personally responsible for any defects

93. Every gazetted officer and Accountant should be supplied with a copy of this Code and of general books of reference, *e.g*, the Civil Service Regulations, the Fundamental Rules, the Account Code, the Civil Account Code, the Public Works Department Code and the Public Works Account Code (with the Book of Forms), and the Railway Codes in the case of officers in Railway Audit offices. Books so supplied will be treated as personal copies and may be carried away by an officer on his transfer to another office. Corrections issued from time to time will be supplied by the Accountant General, but the officers concerned will be personaly responsible for the proper maintenance of the books.

Permanent clerks of the office, who desire the concession, may be supplied with priced publications of the Government of India, Local Gov- ... ther with sets of Correction Slips ... f the

No. 62.

Page 33, Article 93—

Insert the words " are *bona fide* candidates preparing for the S.A.S. examination within a reasonable time and " *after* the word " who " in line 1 of the 2nd sub-paragraph of this Article.

[Audit Code, Vol. I, 1st Edn, (2nd Rep.), No. 62, dated the 2nd March 1936.]

95. No record of the Audit office may be destroyed until ... expiration of the period prescribed in Appendix 5 for its preservation One copy of every printed publication should invariably be preserved.

1. The periods of preservation of such of the Public Works Account records as are not detailed in Appendix 5 should be determined primarily by the corresponding entries in that appendix, or failing this, by the orders in Circular No. XXI of 1897 by the late Accountant General, Public Works Department.

96. The Audit Office is not ordinarily interested in the preservation, for a period extending beyond a bare minimum necessary for all the requirements of audit, of those records (including correspondence) kept in the offices of officers rendering accounts to it which are connected with the accounts rendered. Any instructions considered necessary for the guidance of those officers will be prescribed by the Government concerned in consultation with the Accountant General. It should be arranged that, in cases not covered by such instructions, the specific concurrence of the Accountant General is obtained before any records which appertain to the accounts audited by the Indian Audit Department are ordered to be destroyed, and that in each full details are maintained permanently of all records destroyed from time to time.

State of Work.

97. Each section or department of the office should maintain a calendar showing the due and actual dates of (1) the despatch of returns due from the section and (2) the submission to gazetted officers of all accounts, objection statements, registers, etc. The calendar so maintained should be submitted once a week on a prescribed day to the Gazetted Officer in charge for review. The result of the review should always be placed on record.

98. A register or list of returns with due dates should be kept in every office for permanent record and reference. It should have columns for the twelve months of the year, and the number of days before or after the due date should be entered against each return at the time of its despatch.

98-A. The calendars and registers or lists of returns maintained under articles 97 and 98 should be submitted to the Accountant General for review on the 5th of the following month with a certificate, signed by the Gazetted Officer concerned, for each section, that the work is up to date and with an explanation of any arrears existing on the last day of the month to which the certificate relates. The certificate should cover all kinds of work including correspondence. Superintendents of sections should personally satisfy themselves that no item of arrears is omitted from the list to be attached to the certificate. The state of work in connection with the Gazetted Officers' review of audit should also be specially noticed in the certificate, *vide* Articles 216 and 537, which should also include information as to the number of unpaid pre-audit bills in hand which have been in the Pre-audit Department for more than a week.

1. Items of work for the disposal of which no period is prescribed in any rule or order should be treated as in arrears if the relevant account return or other document has been in the office for more than three weeks.

2. The certificate mentioned in this Article should be in the following form :—

It is certified to the best of my knowledge and belief that with the exception of the arrears detailed and explained in the attached statement the work is up to date.

Report on Arrears

99 Accountants General are definitely responsible for making special reports to the Auditor General of any serious arrears in work, even though the employment of extra establishment may not be necessary to overtake the arrears

Reports of Failure of Audit

99 A Civil Audit Officers should submit to the Auditor General a separate report of all serious cases of failure of audit, as soon as they come to light, irrespective of any report which may be required for other purposes This report should contain an explanation of the manner in which the failure occurred, and should mention the names of the persons responsible and the disciplinary action taken or recommended The Accountant General, Posts and Telegraphs, should report to the Auditor General once a quarter important cases of failure of audit selected from those reported to him by his Branch Audit Officers The report should explain the manner in which the failure occurred and state the action taken against the individuals responsible for the failure

Returns for the India Office

100 Extracts from Indian trade returns and reports having sometimes appeared in English newspapers before the information is received at the India Office, the Secretary of State for India has pointed out that inconvenience is experienced in the case of Parliamentary enquiries when he is unable to verify the statistics It is accordingly ruled that returns and statistical information intended for the India Office or the High Commissioner's Department should be communicated by the earliest mail by which they can be transmitted to trade or other journal in England

Standardised Forms

101 Certain forms have been standardised for printing for use in Civil accounts offices and supplies are obtainable, subject to the observance of the procedure prescribed by the Controller of Printing and Stationery, from the Manager of the Forms Press, 166 Dhurrumtollah Street, Calcutta Most of other forms have been authorised to be printed as special forms All suggestions for the standardisation or printing as special forms of new forms and for the alteration or cancellation of existing standardised or special forms should be submitted to the Auditor General in the first place If the proposal is for the standardisation or printing as a special form of a new form the anticipated annual consumption should be mentioned Forms in the Audit Code series (referred to as "form A T C" followed by the Audit Code form number) and other forms authorised for printing as special forms are indicated in the List of Forms in Volume II of this Code Apart from these, local Accounts office manuals should specifically prescribe the use of forms which have been sanctioned for local use This class of local forms i

indicated by the letters pertaining to the particular series to which they relate as numerators and the letter or letters indicative of the office in which they are to be used as denominators. The letter or letters to be used by different Accounts Offices are shown below :—

Accounts Office.	Abbreviations.
Accountant General, Central Revenues . . .	C. R.
Do. Madras	M.

No. 74.

Page 36, Article 101—

In the table under this Article *substitute* in columns 1 and 2 respectively the words " Bihar " and " Bih " for the words " Bihar and Orissa " and " B and O " and *insert* the following two new entries below the entry " Comptroller, North West Frontier Province " :—

Account Office.	Abbreviations.
do. Sind	. . . . S
do. Orissa . . .	. . . . O

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 74, dated the 1st June 1936.]

Thus the number of form No. S. Y. 1 printed for use in the office of the Accountant General, Central Revenues, will be $\frac{\text{S. Y.}}{\text{C. R.}}$ 1. The number of this form to be used in the office of the Accountant General,

No. 69.

Page 36—

Insert the following as a new Article 101-A :—

101-A. The Accountant General should submit on or before 22nd December each year a list of gazetted and local holidays other than Sundays on which his office will remain *wholly closed* during the ensuing calendar year.

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 69, dated the 1st June 1936.]

PART II.

GENERAL RULES AND PRINCIPLES.

Chapter 5.—Audit Principles and Arrangements.

Introductory.

102 The Government of India Act requires that "the revenues of India shall be received for and in the name of His Majesty, and shall, subject to the provisions of the Act, be applied for the purposes of the Government of India alone", *vide* section 20 of the Act reproduced below —

20 (1) The revenues of India shall be received for and in the name of His Majesty, and shall, subject to the provisions of this Act, be applied for the purposes of the Government of India alone

(2) There shall be charged on the revenues of India alone—

(a) all the debts of the East India Company, and

(b) all sums of money, costs, charges, and expenses which, if the Government of India Act, 1858, had not been passed, would have been payable by the East India Company out of the revenues of India in respect of any treaties, covenants, contracts, grants or liabilities existing at the commencement of that Act, and

(c) all expenses, debts and liabilities lawfully contracted and incurred on account of the Government of India; and

(*d*) all payments under this Act except so far as is otherwise provided under this Act.

(3) The expression "the revenues of India" in this Act shall include all the territorial and other revenues of or arising in British India, and, in particular,—

(*i*) all tributes and other payments in respect of any territories which would have been receivable by or in the name of the East India Company if the Government of India Act, 1858, had not been passed; and

(*ii*) all fines and penalties incurred by the sentence or order of any court of justice in British India, and all forfeitures for crimes of any movable or immovable property in British India; and

(*iii*) all movable and immovable property in British India escheating or lapsing for want of an heir or successor and all property in British India devolving as *bona vacantia* for want of a rightful owner.

(4) All property vested in, or arising or accruing from property or rights vested in, His Majesty under the Government of India Act, 1858, or this Act, or to be received or disposed of by the Secretary of State in Council under this Act, shall be applied in aid of the revenues of India.

103. The primary responsibility for the finances of India rests on the Secretary of State and the Secretary of State in Council under sections 2 (*2*) and 21 of the Act, reproduced below :—

2. (*2*) In particular, the Secretary of State may, subject to the provisions of this Act or rules made thereunder, superintend, direct and control all acts, operations and concerns which relate to the Government or revenues of India, and all grants of salaries, gratuities and allowances, and all other payments and charges, out of or on the revenues of India.

21. Subject to the provisions of this Act, and rules made thereunder, the expenditure of the revenues of India, both in British India and elsewhere, shall be subject to the control of the Secretary of State in Council, and no grant or appropriation of any part of those revenues or of any other property coming into the possession of the Secretary of State in Council by virtue of the Government of India Act, 1858, or this Act, shall be made without the concurrence of a majority of votes at a meeting of the Council of India :

Provided that a grant or appropriation made in accordance with provisions or restrictions prescribed by the Secretary of State in Council with the concurrence of a majority of votes at a meeting of the Council shall be deemed to be made with the concurrence of a majority of such votes.

104. The extent and the conditions of the delegations of authority to the Government of India and to Local Governments are described in Statutory Rules and other orders, the most important of which are the following :—

(1) Rules made by the Secretary of State in Council under section 19A of the Act.

(2) The Local Government (Borrowing) Rules framed under section 30 (1A) of the Act.

(3) The Devolution Rules framed under section 45A of the Act.

(4) Rules framed by the Secretary of State in Council under section 96B (2) of the Act

(5) Rules prescribed by the Secretary of State in Council to govern the expenditure powers of the Government of India

(6) Rules prescribed by the Secretary of State in Council to govern the powers of the Governors in Council in relation to expenditure from provincial revenues on reserved subjects

These rules, and any subsidiary rules and orders issued by the authorities in India whether under the provisions of any Statutory Rules or in the exercise of powers of superintendence direction and control, constitute the various regulations with reference to which is conducted the work of audit entrusted to the Indian Audit Department under the Auditor General's Rules (Appendix I) The canons of financial propriety enunciated in Rule 11 of the Auditor General's Rules are the basic rules on which all audit is conducted as regards propriety of expenditure

Scope of Audit

105 The Accountant General is responsible to the Auditor General for the audit of all transactions which are entered in that section of the public account for which he is the appointed Account officer The extent of the audit to be applied is indicated in the detailed rules to be found elsewhere Rule 9 of the Auditor General's Rules imposes upon the Auditor General the responsibility for the efficiency of the audit of expenditure in India from the revenues of India Rule 12 authorises the Governor General in Council to require the Auditor General to—

(1) arrange for the audit of the accounts of the receipts of revenue of any Government department, the accounts of any public or *quasi* public body, or any other accounts *although they may not relate directly to the receipt and* expenditure of Government moneys , and

(2) arrange for the audit of stores or stock in the possession of an officer or a department of Government and for the audit of grants of land and alienations of land revenue

If the Accountant General be requested by the Local Government or any other authority to undertake audit which does not pertain to his office under the above rule or regarding which the Auditor General has issued no orders either in an authorised Audit or Account Code or elsewhere he should refer the matter to the Auditor General for orders

105 A In the Audit of Government accounts, Audit should not make independent enquiries among the taxpayers or the general public, as such action amounts to an encroachment on the functions of the Administration Audit should confine itself to calling upon the Executive to furnish necessary information and, in cases of difficulty, it should confer with the Executive as to the best means of obtaining the evidence which it requires

Where the audit of the receipts of Government revenue has been entrusted to the Auditor General, it is the duty of audit to ascertain that adequate regulations and procedure have been framed to secure an effective check on the assessment, collection, and proper allocation of revenue, and to satisfy itself that any such regulations and procedure are being duly carried out. Audit is at liberty to enquire of departments, which are receivers of public money, what checks are imposed against the commission of irregularities at the various stages of collection and accounting and to suggest improvements in the procedure. Audit might, for instance, suggest in a particular case that a test inspection should be carried out by comparing a sample set of receipt counterfoils with the receipts actually in the hands of the taxpayers or other debtors. The papers relating to such an inspection, if made, should, in the ordinary course, be made available to audit.

106. Grants of land and alienations of land revenue (other than those in which assignments of land revenue are treated as cash payments) made by the Local Government are also subject to the audit of the Accountant General.

107. The *raison d'être* of audit is the necessity for a powerful and independent central agency which will bring financial irregularity and misdemeanour prominently before (1) the Executive, and (2) the Legislature. Both the latter need the assistance of such an agency—the first in respect of compliance, by Government servants subordinate to it, with the rules and orders issued by it in the discharge of its responsibility to the Legislature or other authority, as the case may be, and the second in respect of compliance, by the Executive (aided by its subordinates), with the orders of the Legislature and with those issued by the local Government and higher authorities in the lawful exercise of functions which they exercise independently of the Legislature in India.

Sanctions and Orders.

108. (*a*) Sanctions and orders of the Secretary of State are communicated by the Government of India direct to the Audit officers concerned and require no audit check.

(*b*) Sanctions and orders of the Government of India are communicated to Audit officers in the manner laid down in Article 230 of the Civil Account Code. The audit of such sanctions and orders will devolve upon the Audit Officers concerned, but the sanctions and orders which have been issued with the concurrence of the Auditor General require no further audit check.

1. Whenever the Auditor General gives an audit ruling on any case referred to him by Government, it will be communicated to the Audit Officer concerned, by the Auditor General.

2. If the Accountant General has any serious doubt as to the correctness of any sanction or order which has been issued with the concurrence of the Auditor General, he may place his views privately before the Auditor General.

3. Appropriations sanctioned by the Government of India, Finance Department, from the reserve at their disposal are audited by the Accountant General, Central Revenues, *vide* Rule I to Article 200.

4. If documents relating to sanctions and orders are claimed to be secret, the Accountant General should accept a statement of facts certified by the Governor

General in Council in lieu of those documents (*vide* Rule 17 of the Auditor General's Rules)

109 The audit of the sanctions and orders of authorities lower than the Government of India will invariably devolve upon the Audit Officer who is entitled to receive direct from the sanctioning authority a copy of the sanction or order signed by a responsible officer The exact procedure for communication of sanctions may be settled under the orders of the Local Government and there is no objection to consolidated statements of sanctions relating to a particular class of expenditure or other transactions being accepted in audit in lieu of copies of individual orders provided the statements reach the Audit office in time for the application of the audit check on the relevant transactions

1 If a sanctioning authority other than the local Government does not disclose the terms and other particulars of a sanction or order on the plea that they are secret the Accountant General should demand the necessary certificate of the local Government under Rule 17 of the Auditor General's Rules

110 In cases in which a Statutory Rule or any order issued thereunder by competent authority requires that an authority of another department shall consult the Finance Department of the local Government when or before issuing an order or sanction and the Finance Department desires the Audit Officer to watch compliance with such requirement the Audit Officer shall merely report breaches of the rule to the Finance Department and not raise any formal audit objection or enter into any correspondence with the sanctioning authority

111 The sanctions and orders affecting financial transactions may be broadly divided into three classes —

(1) Rules and general orders
(2) Grants and Appropriations
(3) Sanctions to Expenditure

Audit and Scrutiny of Rules and Orders

112 It is the duty of Audit to scrutinise all financial rules and orders issued by any authority in India which affect receipts expenditure or arrangements within the scope of audit and to satisfy itself that they are consistent with statutory rules and are otherwise satisfactory

113 Statutory Rules and standing orders issued by the Governor General in Council are scrutinised by the Auditor General himself Non statutory rules and standing orders issued by the Government of India and all rules and standing orders issued by lower authorities should be scrutinised by the Principal Auditor concerned Non statutory rules and standing orders issued by the Government of India and all rules and standing orders issued by lower authorities affecting more than one Principal Auditor will be scrutinised by the Accountant General, Central Revenues who may consult the other Principal Auditors concerned where necessary

(1) In the case of delegations of powers to the Auditor General no scrutiny by any Audit Officer is necessary as such

delegations are made by the Government of India after consultation with the Auditor General.

(2) Rules and standing orders issued by the Auditor General himself are not subject to the scrutiny of any Audit Officer subordinate to him.

113-A. All Rules and standing orders (both statutory and non-statutory) issued by Provincial Governments or by authorities subordinate to Provincial Governments should be scrutinised finally by the Provincial Accountants General.

113-B. The audit officers referred to in Articles 113 and 113-A may, on their own responsibility, accept the rules, orders, etc., for the scrutiny of which they are responsible, object to them, or ask for their alteration. The Auditor General shall, however, be consulted on all cases of doubt, difficulty and difference of opinion and on all points in connection with which his specific concurrence is, for statutory reasons, required.

NOTE.—Two copies of all the rules issued in the form of codes, manuals or standing regulations by the Departments of the Government of India and the Local Governments should be obtained and sent to the Auditor General.

114. In the scrutiny of these rules and standing orders it should be seen—

(1) that they are consistent with the essential requirements of audit and accounts as determined by the Auditor General,

(2) that they do not conflict with the orders of any higher authority, and

(3) that, in case they have not been separately approved by competent authority, the issuing authority possesses the necessary rule-making power.

115. In applying the first of the these checks, the Accountant General should be guided by any subsidiary instructions which may be issued by the Auditor General from time to time. The principle to be observed is that the discretion vested in authorities empowered to make rules is not to be fettered unnecessarily merely because difficulties may arise in the application of the necessary audit checks or the maintenance of proper accounts. If the audit and accounts procedure can be amended without loss of efficiency or extra expense, the rule should be accepted and that procedure amended accordingly. All doubtful points, unless they are trivial, should be referred to the Auditor General and no objection should be raised without reference to him.

116. In applying the second of these checks the guiding principles enunciated below should be observed :—

(*i*) If the authority framing the rule is granted full powers in respect of a certain class of expenditure, an order issued under those powers can be challenged by audit only under the canons of financial propriety.

(*ii*) If it is granted powers which may be exercised provided due regard is paid to certain criteria which are expressed in a general form, orders issued under those powers can be challenged by audit—

(1) if the disregard of the criteria is so serious as to make the order perverse, or

(2) if the facts of the case are such as to make the audit authority confident that one or more of the criteria have been disregarded

(*iii*) If it is granted powers which are expressed in precise terms, the Audit Officer is bound to ascertain that the order defining its powers is exactly obeyed in every instance

(*iv*) In all cases, if the Accountant General has reason to think that undue advantage is taken of the provisions of any orders whereunder the rule is issued, he should bring the case to the notice of the proper superior authority Cases of disregard of canons of financial propriety should be dealt with under Article 118

117 All orders of delegation of financial authority should be scrutinised carefully as once they have been accepted, audit of sanctions as well as of expenditure or other transactions may be conducted against them for an indefinite length of time They should be examined in the Higher Audit Section and, before they are notified for the guidance of the audit sections concerned, they should be formally accepted by the Accountant General himself

118 When the Accountant General considers that any rule or order has infringed any one of the canons of financial propriety, he should report his opinion to the administrative authority concerned for such action as that authority may think fit to take, and request it to intimate, in due course, the action taken by it Thereafter, if he considers it necessary, the Accountant General may report to the next higher authority, and if this be the Government of India the reference should be made through the Auditor General As to the further action to be taken, see the proviso to Rule 14 of the Auditor General's Rules Such correspondence should be initiated and afterwards conducted by the Accountant General personally, who if he thinks fit, may make a direct report to the Local Government See also Rule 11 (*b*) of the Auditor General's Rules (Appendix 1)

119 Similarly, cases may arise in which, though no audit objection can be taken to the terms of an order of delegation, or other financial rule, yet the Accountant General feels that the order is likely to impair seriously the *efficiency* of the conduct of public business, *vide* Rule 28 (1) of the Devolution Rules For instance, the principle of authorising disbursing officers themselves to sanction special charges may be carried too far or extended to cases in which obviously some sort of control by higher authority is advisable If such cases are important, the Accountant General should make a suitable representation to the

Finance Department, and thus give the latter the opportunity of reviewing or reconsidering the orders as the case may be.

120—122. *Deleted.*

122-A. The authorities of the Audit Department are not required, under Articles 112 *et seq*, to undertake the formal scrutiny of and thereby to make themselves responsible for the accuracy of Departmental manuals when these, so far as financial, accounting and audit matters are concerned, merely reproduce extracts from substantive Codes, Regulations, Rules, etc. When such manuals introduce any new detailed financial, accounting, or audit procedure, the Audit Officer concerned may advise as to whether the rules are *intra vires* of the authority issuing the manual and in accordance with correct principles, but such advice should be given in respect of specific individual rules and not on the manuals as a whole.

Audit of Grants and Appropriations.

123. In auditing grants, it is sufficient to see,—

(1) In the case of votable expenditure, that the grant is covered by the vote of the Legislature, or, as the case may require, by orders issued—

- (*a*) by the Governor General in Council under section 67A (7) of the Government of India Act, or
- (*b*) by the Governor General himself under section 67A (8), or
- (*c*) by the Local Government on the certification of the Governor under proviso (*a*) of section 72D (2), or
- (*d*) by the Governor himself under proviso (*b*) of section 72D (2) : and,

(2) In the case of non-votable expenditure, that appropriation has been made by the *Finance Department of the Government of India or of the Local Government*, as the case may require.

124. The procedure for auditing appropriations is prescribed in Chapter 7.

Audit of Sanctions to Expenditure.

125. In the audit of sanctions to expenditure, the guiding principles enunciated below should be observed :—

- (*i*) If the sanctioning authority is granted full powers in respect of a certain class of expenditure, a sanction accorded under those powers can be challenged by audit only under the canons of financial propriety.
- (*ii*) If it is granted powers which may be exercised provided due regard is paid to certain criteria which are expressed in a general form, sanctions accorded under those powers can be challenged by audit—
  - (1) if the disregard of the criteria is so serious as to make the sanction perverse, or

(2) if the facts of the case are such as to make the audit authority confident that one or more of the criteria have been disregarded

(*iii*) If it is granted powers which are expressed in precise terms the Audit Officer is bound to ascertain that the order defining its powers is exactly obeyed in every instance

(*iv*) Cases of disregard of canons of financial propriety should be dealt with in the manner prescribed in Articles 116 (*iv*) and 118

(*v*) A group of works which forms one project shall be considered as one work and the necessity for obtaining the sanction of a higher authority to a project is not avoided by reason of the fact that the cost of each particular work in the project is within the powers of the lower authority

1 In the case of projects of irrigation navigation embankment or drainage works the construction estimates of which have been closed this rule is subject to the special rules prescribed for sanctions to open capital expenditure

2 A preliminary enquiry survey or experiment which must necessarily precede the preparation of any project or scheme need not be considered for the purpose of this rule as forming part of that project or scheme

(*vi*) If any one item of a scheme requires the sanction of higher authority that item should not be given effect to before sanction to it is obtained In determining whether any other portion of the scheme may be put in hand prior to the receipt of such sanction due regard must be paid to the provisions of Rules 1 (10) and 1 (5) of the Central and Provincial Audit Resolutions respectively

125 A In scrutinising sanctions and orders for the grant of additions to pay and other special concessions and allowances referred to in Article 230 A Civil Account Code the Audit Officer should examine carefully the reasons for the grant of the special pay allowance or concession as recorded in the sanctioning order (or as communicated to him confidentially by the sanctioning authority) and should question the propriety of such sanctions if it appears to him that the principles laid down in the Fundamental Rules for the grant of such special pay concessions etc, have not been duly observed

126 Except under the orders of a Gazetted Officer no order of sanction should be accepted in audit unless it is an order received from or through the sanctioning authority *vide* Article 109 When an order sanctioning expenditure contains no indication of the amount or limit of the sanction the Accountant General should address the authority who issued it

127 All sanctions to expenditure should be noted in a prescribed audit register or other record against which the audit of the expenditure will be conducted and if it is known that the charge will entail a recovery from a third party, or such a recovery has been ordered by the sanctioning authority, a note of the recovery due should also be made in a suitable register so that it may be duly watched

Audit of sanctions to expenditure accorded by the Auditor General.

127-A. Under rule 27 of the Auditor General's Rules, it has been arranged by the Governor General in Council that all sanctions to expenditure accorded by the Auditor General under Rule 26 of those Rules shall be audited by the Deputy Secretary to the Government of India in the Finance Department. If, however, the post of Deputy Secretary should, at any time, be held by a member of the Indian Audit and Accounts Service, the audit of such sanctions will be conducted by the Secretary of the Finance Department or some other officer to be nominated by the Governor General in Council. Under the system at present in force, the sanctions are ordinarily submitted for pre-audit before the relevant expenditure is incurred. Two lists, showing respectively the classes of sanctions to expenditure accorded by the Auditor General which are required to be audited under this rule, and those which, being rather of the nature of administrative sanctions, do not require such audit, are given in Appendix 2-A. In the case of sanctions requiring to be audited under this rule, it is the duty of the Audit Officer responsible for the final audit of expenditure incurred against any such sanction to satisfy himself that the sanction itself has been passed in audit by the responsible officer.

Audit of Expenditure.

128. As a rule, heads of offices and other Government servants who are called upon to make disbursements on behalf of Government, draw money for the purpose from treasuries under the rules in one of the authorised Account Codes or in the Treasury Orders or rules issued thereunder. But, for several classes of payments made at stations at which there are Audit offices, it is usually arranged that the vouchers shall be submitted to the Audit office before payment and that payment shall be made only on audited bills.

129. A preliminary check is applied by Treasury Officers when bills and vouchers are presented to them for encashment. But the audit of Civil transactions is conducted almost entirely in Accountants General's offices or in branch offices subordinate to them, and this central audit is at present nearly entirely post-audit in character. Pre-audit, or audit before payment, is applied to a small extent only. Some accounts of Public Works disbursing officers are checked at periodical inspections of their offices by Audit Officers, but this system of local audit does not take the place of central audit, as the main accounts are submitted periodically to the Audit office and only the initial accounts and some subsidiary account records are examined locally.

1. The general rules and principles of audit defined in this chapter are equally applicable to all forms of audit, unless there be something repugnant in the subject or context.

130. The main objects of audit of expenditure other than appropriation audit, for which see Articles 123 and 124, are to ensure—

(*a*) that the expenditure has been incurred by an officer competent to incur it,

(*b*) that the expenditure has received the sanction, either special or general, of the authority competent to sanction it,

(c) that the expenditure does not involve a breach of any of the canons of financial propriety laid down in Rule 11 of the Auditor General's Rules,

1 The procedure for dealing with breaches of canons of financial propriety is laid down in Article 118

(d) that the expenditure sanctioned for a limited period is not admitted in audit beyond that period without further sanction,

(e) that payment has, as a fact, been made, and has been made to the proper person, and that it has been so acknowledged and recorded that a second claim against Government on the same account is impossible, and

(f) that the charge is correctly classified, and that (as in the case of Public Works and Forest accounts) if a charge is debitable to the personal account of a contractor employee or other individual or is recoverable from him under any rule or order, it is recorded as such in a prescribed account

131. The detailed audit of vouchers in support of payments is conducted to see—

(a) That the vouchers are in the prescribed form, and that they are duly receipted by the payees and in original, that a brief abstract is given in English under the signature of the drawing officer on all purely vernacular vouchers, and that vernacular signatures are transliterated, also that sub vouchers contain notes of dates of payment

(b) That they are numbered with reference to the number in the list of payments, schedule, Schedule Docket or other account, as the case may be

(c) That the details work up to the totals and that the totals are in words as well as in figures

(d) That they bear a Pay order, signed by the Treasury Officer in the case of vouchers cashed at treasuries or by the responsible disbursing officer in the case of other vouchers In the case of vouchers paid at the Bank it should be seen in particular that they bear the pay order of the Collector in all cases in which it is required under the rules in Articles 309 to 316 of the Civil Account Code

(e) That they are stamped " paid ".

(f) That there are no erasures, and that any alterations in the totals are attested by the officer concerned as many times as they are made

(g) That stamps are affixed to all vouchers for sums in excess of R20, and that they are punched ; but see Articles 11 and 12, Civil Account Code, Volume I. and also Rule 1 under Article 481 of this Code

(h) That no payment is made on a voucher or order signed by a subordinate instead of the head of the office himself or on a voucher or order signed with a stamp, and that copies of

sanctions are certified by the sanctioning officer or by a Gazetted Officer authorised to sign for him.

NOTE.—In the case of charges for which special sanction is necessary under rule [see Article 308 (a)], no separate sanction need be insisted on if the bill or voucher on which the money is drawn is signed, or countersigned, or countersigned prior to drawal, by the authority competent to sanction the expenditure; but charges of the kind in question may not be included in the same bill with other non-special items. This does not apply to the case of temporary establishments, the sanction for which should always be called for and noted in the Audit Register and audit conducted against such sanction in accordance with Article 300.

(i) In all cases in which it is prescribed that agreement should be effected between two different documents, the fact of the agreement should be noted on both the documents and initialled by the auditor who makes the agreement.

(j) That if a treasury voucher be paid by transfer, it is stamped as having been so paid, that the head to which the amount is credited is noted on it, and that the credit is traced in the cash account when possible.

(k) That Fund and Income Tax deductions have been correctly made.

NOTE.—In respect of the pay bills of his own establishment and of pay bills of gazetted officers and pension bills paid by him after pre-audit, the Audit Officer acts as the officer responsible for paying income chargeable under the head "Salaries" and is, therefore, under a statutory obligation to deduct, at the time of payment, income-tax on the amount payable at the rate applicable to the estimated income of the assessee under the head "Salaries"—*vide* Section 18 (2) of the Income tax Act XI of 1922. In respect of other establishment, pay and pension bills, the Audit Officer is not responsible for checking the correctness of the income-tax deductions; but whenever such bills come under his scrutiny in the course of audit, he should always see that deductions of income-tax are not omitted in cases where such deductions should clearly be made.

(l) That no bills for any pay or allowance not claimed within six months of its becoming due have been paid without the sanction of the Accountant General.

1. Rule 17 of Appendix 1 applies also to vouchers declared to be secret or confidential.

NOTE 1.—The term "voucher" should be taken to include "sub-voucher" for all purposes of audit.

NOTE 2.—Cash memoranda issued by tradesmen for sales against cash paym[illegible] should not be regarded as sub-vouchers unless they contain an acknowledgmen[illegible] the receipt of money from the purchaser as named therein for the price o[illegible] articles sold.

(m) **131-A.** Recurring charges which are payable on the fulfil[illegible] certain conditions or up till the occurrence of a certain event [illegible] admitted in audit on receipt of a certificate from the drawin[illegible] the effect that the necessary conditions have been duly ful[illegible] event has not yet occurred, as the case may be. In order [illegible] the manner in which the executive officers discharge [illegible] responsibilities the Audit Officer should make occasional [illegible] the facts on which the certificates given by those officers [illegible]

132. The audit of rates paid for work done and supp[illegible] receive special attention, but as objections can be raise[illegible] which involve a distinct breach of the first canon of fina[illegible]

this audit will usually present considerable difficulty It demands the exercise of great intelligence and care and, therefore, cannot be entrusted to an ordinary auditor to be applied as a mechanical check Individual abnormalities in rates should of course be watched, but the institution, from time to time, of a comparative examination through the vouchers and accounts received for audit, of the rates paid by various officers in the same or neighbouring localities, may indicate cases in which the rates being abnormal further enquiry may be desirable The assistance of the Finance Department may be invoked in obtaining reliable schedules of rates and other necessary information In the case of Public Works offices useful work in the direction of making a comparative examination of rates can be done also at inspections *vide* Article 857

133 The audit of accounts and vouchers received in the Audit office should as a general principle precede their entry in the relevant classified abstract or in the Detail Book With a view however of obviating delay in the closing of the monthly Civil and Exchange Accounts on the dates prescribed, the compilation of accounts may commence before audit in the case of the second schedule of treasury payments and of Public Works Forest and Exchange Acounts With this exception the general principle indicated above may be departed from only in special circumstances and with the express sanction of the Accountant General

134 Whilst it is desirable that auditors and others employed on audit duties should not be at liberty to make any relaxations in audit of their own motion it is of considerable importance that the prescribed checks should be observed in spirit and not in the letter as opposed to the spirit

135 In the following cases, cent per cent check is unnecessary and relaxation of post audit is authorised to the extent indicated —

Serial No	Class of Vouchers	Percentage of vouchers to be checked	REMARKS
*1	Pay bills of those establishments the normal monthly cost of which is less than Rs 500	50	Vouchers to be audited should be selected by a Gazetted Officer
2	Travelling allowance bills of Government servants of the 3rd and 4th classes	50	
3	[illegible]	50	
4	Bills amounting to not more than Rs 500 on account of countersigned contingencies	2[illegible]	

* NOTE.—Pay bills of those establishments or sections of establishments on time-scale of pay the numerical strength of which is ten or less and the normal monthly cost less than Rs 500 should be audited 50 per cent, provided that the audit is conducted by numbers and against the entries of names in the fly leaf of the audit register in form B of Appendix 11 of this Code

Serial No.	Class of Vouchers.	Percentage of vouchers to be checked.	Remarks.
5	Pension bills (other than those relating to anticipatory pensions, gratuities or lump sum payments of any kind) . . . (NOTE.—The selection of vouchers to be audited should be so made that all the vouchers received from a treasury during a month shall be audited at the same time, and that the vouchers of each treasury shall be audited at intervals of not more than six months).	16⅔	Vouchers to be audited should be selected by a Gazetted Officer.
6	All treasury vouchers (as regards arithmetical calculations) . . .	25	
7	Arithmetical calculations in vouchers received with the Monthly Account of Divisional Officers of the Public Works Department, excluding final running account bills in yellow form which should be checked cent. per cent.	10	
8	Deposit Repayment Vouchers . . .	25	Vouchers to be audited should be selected by the Superintendent.
8-A	Interest Payment Vouchers . . .	5	
8-B	Refunds Vouchers (other than those which are required to be noted in the Audit office against original credit shown in the detailed statements)	10	
8-C	Discount Vouchers	10	
8-D	Remittance Transfer Receipts and Supply Bills	10	
8-E	Scholarships and Grants-in-aid bills under Rs. 1,000	25	
9	Cheques including Personal Deposit chalans and estate cheques.	About 5	These classes of vouchers need not be examined in detail by the auditors but about 5 per cent. should be examined by the Superintending Staff.
10	Indian Posts and Telegraphs Department vouchers	„	
11	Cash Orders	„	
12	Vouchers for Salt and Customs remittances (simple receipts)	„	
13	Vouchers in support of payments relating to (1) Revenue Survey Advances, (2) Cost of Survey marks, (3) Abkari Advances, (4) Loans under the Land Improvements and Agriculturists Loans Acts . . .	„	

NOTE 1.— In the case of item No. 10 the following points should receive special attention :—
(*a*) that the voucher has been signed by a responsible departmental officer.
(*b*) that the amount of the voucher as shown in words agrees with that in figures.

(c) that the amount of the voucher agrees with that shown in the covering schedules,

(d) that the voucher bears a pay order by the Treasury Officer or Bank Agent in case of direct payments and the paid stamp of the treasury ... No 20. ... paid at the treasury or the Bank In the ... Account Code, which

Page 51, Article 135-A—

Insert the following as a new Article —

135 A In cases where relaxation of post audit is authorised the following instructions relating to vouchers not selected for audit should be observed —

(a) The classification recorded on all vouchers should be checked in full and completed where necessary, and the attention of drawing officers should be drawn to instances of incorrect or incomplete classification in accordance with the standing instructions if any, issued on the subject

(b) The receipt of monthly detailed countersigned bills in support of abstract bills should be watched The receipt of sub-vouchers required to be submitted to audit along with contingent bills should also be watched , this check need not be exercised in every case but should be applied frequently at the discretion of the Branch Officer

(c) If increment certificates are attached to the bills, the date on which the increment is actually drawn should be noted under the due date of increment of the person concerned in the column provided for this purpose in the fly-leaf of the audit register (see Art 297)

(d) The entries in the " Remarks " column of Establishment bills and Absentee Statement (see Note 4 under C A C form No 10) should be scrutinised in respect of permanent changes, *e g* , retirement, transfer, deaths and consequent new appointments and for any increases or decreases of scales and requisite entries made in the fly leaf of the audit register

(e) Transactions relating to ' Objection Book Advances " should be noted in the relevant objection books and those relating to any of the broadsheets of advances should be incorporated in the respective broadsheets

(f) A general examination of these bills should be carried out when the classification is checked [see clause (a) above] in order to see that there is nothing irregular or peculiar on the face of them

[Audit Code Vol I, 1st Edn ...

... stocks are counted ... that the balances on hand represent ... borne on the account books

Audit should not, except when specially authorised to do so assume responsibility for the physical verification of stores but it has the right to investigate balances of stores, if any discrepancies in the stores accounts

suggest that such action is necessary. It is the duty of audit to see that a certificate of verification of stores is recorded periodically by a responsible authority, that the system of verification adopted by the executive is adequate and proper and that, wherever possible, the staff responsible for the verification is independent of the staff which is responsible for the physical custody of the Stock or for keeping accounts of it. It should also be seen that, wherever practicable, verifiers of stock work directly under the control of the local Government, instead of under the heads of individual departments.

Audit of Accounts of Non-Government Institutions.

139. Where the Accountant General is required to audit the accounts of any local fund, public or *quasi*-public fund or non-Government Institution or any private accounts (*vide* Article 105), such accounts should be examined under rules prescribed by the Auditor General.

140. Sanctions constituting such funds or bodies ordinarily prescribe what classes of receipts are to be credited to them, what classes of expenditure are to be admitted against them, and who will be the controlling authority. The Audit Officer should see that in regard to receipts and expenditure the prescribed rules are followed and for this purpose he should require, in respect of all items of the account, sufficient information, either in the form of vouchers or in some other form, as may be considered necessary in each case.

140-A. In the audit of other than Government accounts, auditors should not make independent enquiries of taxpayers or of the public at large unless such a procedure is expressly authorised by statutory regulations or executive orders.

Amendment and Interpretation of Rules.

141. The following procedure should be observed by an Accountant General when he is of opinion that an amendment of a rule in an authorised code is required, or that necessity exists for the authoritative interpretation of a rule :—

(1) When any defective rule comes to the notice of an Accountant General in the course of his audit duties, he will first see whether the rule, as it stands, admits of a definite audit decision being given in one way or another. If so, he will ordinarily decide the audit point according to the rule as it stands, and then make a reference in regard to the amendment of the rule—

(*a*) to the local Government when the rule appears in an authorised code of the local Government and is a rule which can be amended by that authority without reference to the Auditor General,

(*b*) to the Government of India when the rule appears in an authorised code of that Government or is a rule in respect of which the power of interpretation rests with that authority or with the Governor General in Council,

(*c*) to the Auditor General in all other cases.

(2) Where, however, the expenditure involved is of really material importance, the Accountant General may consider it desirable to defer an audit ruling until the points of doubt have been settled Or again, the rule may be so questionable in itself, or with reference to a discrepant instruction elsewhere in the regulations, that the Accountant General may feel himself unable to give a satisfactory audit ruling one way or the other on the regulations as they stand In either of these cases it will be his duty to refer the point to the Auditor General as the principal audit authority in India, before he gives any decision If the point in doubt has formed the subject of correspondence between the Accountant General and the local Government a copy of the letter containing the views of the local Government should accompany the reference to the Auditor General

NOTE 1—Any recommendation by a responsible administrative authority for exceptional treatment outside rule should be addressed not to the Accountant General but to the local Government or the Government of India as the case may be

NOTE 2—A reference to the Auditor General for an amendment or an interpretation of a rule under clause 1 (c) above should be made only when a concrete case necessitating an amendment or an interpretation actually arises In making such a reference the details of the concrete case should always be furnished But a suggestion merely for the co ordination of rules need not await a concrete case

Maintenance and Audit of *Pro formâ* Accounts

142 The operations of some departments of the Administration sometimes include undertakings of a *quasi* commercial character *e g* an industrial factory or a store Even though these may be maintained almost entirely for the benefit of the department it is still necessary to enable the ultimate beenfit to be compared with the actual cost, to know exactly the profit or loss on the transactions of the undertaking itself In such cases, the maintenance of suitable Capital, and Profit and Loss accounts becomes a necessity, and as the Government system of accounts being on a purely cash basis is unsuitable for such commercial accounts these are usually kept on a *Pro forma* basis

143 When the Accountant General becomes aware of the existence of a commercial undertaking in any department or finds that funds are provided for it in the estimates he should ascertain the exact nature and scope of the activities of the undertaking with a view to determining whether it is essential or advisable to maintain suitable subsidiary and *Pro forma* accounts If he decides that the maintenance of these accounts is desirable he should request the local Government to issue necessary orders The local Government may entrust the preparation of a system of accounts to one of its own officers or to the Accountant General If the local Government adopts the former course, the Accountant General should represent to the local Government the desirability of—

(a) requiring the officer entrusted with the work to devise, not merely a system of accounts but also a set of standing orders to regulate the working of the concern and a schedule of the

powers entrusted by Government to authorities subordinate to it in connection with the control and management of the concern, and

(*b*) the submission to audit for expert scrutiny of the complete system, together with the account forms, the standing orders relating to the working of the corncern and the schedule of powers of the officers controlling and managing the concern.

The Accountant General will be responsible for seeing that the system adopted conforms to the fundamental principles of accounts and audit from the ordinary and the commercial points of view. In all cases of importance the advice of the Auditor General should be sought.

144. All gross receipts and expenditure of commercial undertakings should be budgeted and accounted for under the appropriate major and minor heads and units of appropriation, in the same way as ordinary receipts and expenditure of Government. The heads of accounts should, as far as possible, be common to the Government accounts and the General Ledger maintained at the undertaking and should be carefully selected with due regard to the principles of governmental and commercial accounting, so that the monthly classified account of income and expenditure of the undertaking may be prepared readily from the General Ledger maintained at the undertaking and submitted to the Accountant General for incorporation in the general accounts of Government by such date as may be fixed by him in consultation with the head of the commercial undertaking. The monthly classified account should be accompanied by such schedules and vouchers as may be prescribed by the Accountant General.

Where necessary, the undertaking may have a separate remittance account with the treasury into which all cash realisations of the undertaking may be paid and out of which funds required for disbursements may be drawn on cheques under the rules and procedure obtaining in the Public Works and Forest Departments. A new remittance head "Remittances of Government Commercial Undertakings" may be opened for this purpose under Section "T—Remittances". The relevant provisions in the Civil Account or other Codes and in standing orders of the concerns regarding the procedure for the drawal of money from the treasury and its disbursement should be carefully observed.

The transactions of Government commercial undertakings with other departments of Government may be settled by book transfers through the Accounts Officer, the remittance head mentioned above being operated upon, where necessary, for this purpose, or by cheques, Remittance Transfer Receipts or demand drafts, as may be decided by Government. Cheques and demand drafts should be crossed in the manner prescribed in Article 23-A of the Civil Account Code so as to ensure credit of the proceeds to the Remittance head or to other suitable head of account at the treasury.

144-A. If according to the rules of Government accounting, adjustments are not made in the Government accounts of certain indirect and overhead charges, it might be necessary to make *pro formâ* adjustments

in the books of the undertaking for these transactions so that a correct presentation of its trading results may be available Thus the following adjustments have to be made periodically in the accounts of the undertaking before the net results of its trading during a period can be ascertained —

(a) Cost of management supervision etc

(b) Cost of audit

(c) Interest on capital invested

(d) Depreciation of wasting assets

(e) Leave, pension and passage contributions bonus for Provident Fund, etc

Whether any corresponding entry should be made in the Government accounts and if so, the details of the entries to be made, should be decided in consultation with Government

144 B The audit of the monthly classified account of income and expenditure and of the connected schedules and vouchers and appropriation audit should be conducted centrally at the office of the Accountant General This central audit should be supplemented by a local audit at suitable intervals of the accounts and the primary accounts records maintained at the undertaking In addition to bringing out any irregularities found, the audit report should contain a brief summary of the trading results and comments on such of the items in the Trading and Profit and Loss Accounts and Balance Sheet as require comment

NOTE —The incorporation of these *Pro formâ* accounts in the Commercial Appendix to the Appropriation Report or in the alternative in the Departmental Administration Report does not in any way affect the responsibility for their audit as enjoined herein When the *Pro formâ* or subsidiary accounts are included in the Departmental Administration Reports they should bear an audit certificate in the form prescribed in Note 2 to paragraph 52 of Appendix 16 to the Audit Code and be supplemented by such audit comments as appear necessary

145 These rules are not applicable in their entirety to commercial or *quasi* commercial *departments, e g*, the Indian Posts and Telegraphs Department and the Public Works and Railway Departments, the rules and procedure relating to which are described in their respective Accounts Codes

146 *Pro formâ* accounts are also necessary in respect—

(1) of the transactions of the Famine Relief Fund of the local Government

(2) of the transactions connected with the borrowings of the local Government in the open market under the Local Government (Borrowing) Rules *vide* Appendix 6 and

(3) of the transactions connected with the advances received by the local Government from the Provincial Loans Fund

These are maintained in the Audit office in accordance with the procedure indicated in Articles 147 and 148

147. The account of the Famine Relief Fund is prepared annually in Form 4 under the rules in Schedule IV of the Devolution Rules, and copies of it transmitted to the Finance Department of the local Government (which is responsible for the administration of the Fund) and the Auditor General.

1. Under paragraph 11 of Schedule IV to the Devolution Rules, Forms 4 and 4-A have been prescribed for the maintenance of the accounts of the Famine Relief Fund and the annual assignments in connection therewith.

148. The *Pro formâ* accounts of the local Government's borrowings under clauses (2) and (3) of Article 146 should also be prepared annually in suitable form to show the proceeds of all advances and loans raised by the local Government and the disposal of such proceeds. Copies of these accounts also should be sent to the Finance Department of the local Government with the Accountant General's observations (if any) thereon.

(1) In preparing these accounts and in applying audit checks on expenditure taken against the proceeds of the loans, the principle of canon 2 of the financial propriety should be borne in mind. It should also be seen that all loans raised under the Local Government (Borrowing) Rules are correctly utilised on the objects for which they were originally raised. As regards advances from the Provincial Loans Fund, audit should see that the rules governing the administration of the fund and any subsidiary instructions issued thereunder are duly complied with. The following procedure has been laid down by the Government of India for dealing with cases in which advances sanctioned by them are found to have been utilised on purposes or objects other than those for which they were originally granted :—

(*a*) Initial orders sanctioning advances from the Provincial Loans Fund will specify every productive scheme on which the advance may be spent.

(*b*) A loan of a specified amount granted merely for expenditure on productive purposes or a lump sum amount granted for specified productive purposes may be re-appropriated from one productive purpose to the other within the total fixed for such productive purposes.

(*c*) No re-appropriation shall be made by the local Government from productive to non-productive works or *vice versâ*, except as provided below :—

(*i*) If in any particular year the accounts show that expenditure on productive schemes has actually been less than the amount of the advance, the balance must necessarily be regarded as a diversion either to unproductive works or to the building up of cash balances. It will be the function of audit to report such a diversion to the Government of India through the Provincial Government.

(*ii*) The Provincial Government will forward the report to the Government of India with such comments as they may like to offer.

(iii) The Government of India as administrators of the Fund will decide whether the particular diversion should be regarded as of a sufficiently permanent character to necessitate regularisation

(iv) If the diversion is only temporary and is occasioned by the inherent difficulty of estimating in advance the actual productive and other expenditure of a given year, no further action will be necessary The original classification of the advance, the rate of interest and the term of repayment will, in that case, remain unaltered

(v) A permanent diversion will not, however, be permitted, and the local Government will be required on the next occasion on which they borrow from the Provincial Loans Fund to apply for additional loans equal in amount to the excess of the actual outlay on unproductive works over the advances originally taken for that purpose This will not be necessary if the running account of loans shows that the diversions have in the meantime been made good by internal arrangement

(d) Funds borrowed on special terms for specific schemes shall not be subject to re appropriation by the local Government

(e) As regards objects other than productive, the Government of India usually sanction advances from the Fund in lump sums, without specifying the objects on which the amounts are to be spent A local Government is fully competent to reappropriate between different objects included in this category, subject only to the general limitation laid down in clause (d) above

(2) Rule 2 (a) (i) of the Local Government (Borrowing) Rules should be interpreted as prohibiting expenditure from loan funds on any scheme or group of works the cost of which is less than Rupees five lakhs The rules governing the grouping of individual works for the purpose of this rule should be the same as the rules which govern the grouping of works in order to determine the authority which is competent to sanction the total expenditure The limit of Rupees five lakhs is not however, applicable to capital expenditure—

(a) on productive works

(b) in a Commercial Department which is working at such a profit as to fulfil the test of productivity imposed by the Secretary of State, or

(c) on Commercial undertakings whose accounts are maintained on a Commercial basis

This interpretation applies equally to expenditure met out of advances from the Provincial Loans Fund and the minimum limit of Rupees five lakhs referred to in connection with the unproductive expenditure met out of those advances can be relaxed only with the special sanction of the Government of India

(3) As a general principle advances to Provincial Governments from the Provincial Loans Fund will not ordinarily be made except to meet a revenue deficit or to meet expenditure on an object on which moneys raised under the Local Government (Borrowing) Rules may be expended, and any departure from this principle will require the strongest possible justification.

(4) A loan may be sanctioned having as one of its objects the relief of general revenues from the burden of any previous capital expenditure met from such revenues in the absence of loan funds. In such cases it is permissible to transfer such expenditure from the revenue section to the appropriate major head in the capital section of the account. Transfers of this nature may also be made without the Provincial Government being required actually to borrow the requisite funds either from the Provincial Loans Fund or in the open market, *e.g.*, to relieve a difficult revenue situation. But such transfers can be permitted only if the expenditure transferred is of a capital nature for which funds may be borrowed under the Local Government (Borrowing) Rules, and the exercise by the Provincial Governments of the power to make such transfers will therefore be subject to audit scrutiny.

(5) In determining, for the purposes of canon 2, whether or not a work is productive, the test in the case of new works connected with existing schemes or works is whether the new work is to remain as a separate unit or to be absorbed into an existing unit. If the former, the test should be applied to the new separate unit ; if the latter, to the resultant unit.

(6) In all accounts or estimates prepared with the object of determining the productivity of a work or scheme, the rate of interest to be taken into account for comparison with net revenue, which has been prescribed by the Secretary of State, is 6 per cent. per annum.

(7) The detailed rules for determining whether a work of irrigation, navigation, embankment or drainage should be classed as productive or unproductive (or remain so classed) are given in Statement A of Appendix 4 to the Public Works Account Code.

Higher Audit Functions.

149. In addition to the detailed work which must necessarily be performed by the auditor, is the important task of, what may be called, higher audit which devolves upon the more responsible members of the Audit office. It is not sufficient to see that sundry rules or orders of competent authority have been observed. It is of greater importance to see that the general principles of legitimate finance are borne in mind not only by disbursing officers but also by sanctioning authorities, and that audit is conducted so as not merely to criticise their acts, but also to assist them, and consequently the legislature, in protecting the interests of the tax-payer, developing revenue and effecting economies in expenditure wherever possible. See Article 857.

NOTE.—Sanctions with a long period of currency, as well as sanctions of a permanent nature should also be reviewed periodically so that, if there is any reason to think that the administrative authority concerned should be invited to review the sanction, such action may be taken.

150 A separate section of the Audit Office, consisting of picked men who have exhibited special aptitude for audit work, may be charged with the responsibility for this class of audit The business of this section should be conducted under the personal guidance of the Accountant General (*vide* Article 24) and no case should be taken up in Higher Audit without his orders Gazetted Officers and Accountants in charge of audit sections will be responsible for bringing to the notice of this section all matters which in their opinion, may, with advantage, be investigated in detail and a simple record of such references and their disposal should be maintained for submission to the Auditor General at his periodical inspections

1 Other members of the audit staff should be encouraged to submit references and suggestions and men who have put forward really valuable ideas or done useful work in the furtherance of higher audit should be marked out and specially trained

151 The spirit which should animate higher audit was explained in the following terms in an important despatch of the Government of India on the subject —

"In place of the formal examination of authorities and of rules the work should be conducted with greater regard to the broad principles of legitimate public finance The audit will not only see whether there is quoted authority for expenditure, but will also investigate the necessity for it It will ask whether individual items were in furtherance of the scheme for which the budget provided whether the same results could have been obtained otherwise with greater economy, whether the rate and scale of expenditure were justified in the circumstances in fact they will ask every question that might be expected from an intelligent tax payer bent on getting the best value for his money The audit officers will also devote more of their time to looking into the manner in which the various executive officers are undertaking their more important financial responsibilities "

152 The statistics of the work of a department of Government over a series of years may offer a fruitful field for the application of higher audit

152 A Scrutiny of estimates and expenditure pertaining to large works or projects with a view to see whether there have been material modifications of or deviations from the sanctioned estimates can usefully be undertaken in higher audit No definite instructions or criteria can be laid down for the guidance of audit as to what should constitute a material deviation or modification but in all doubtful cases audit should institute enquiries and obtain definite decisions which may eventually crystallise into a body of case law If the Executive Government refuses to accept the audit point of view, it should be considered if the case ought to be brought to notice in the report on the Appropriation Accounts

153 It is not necessary that the work done in the higher audit section should be confined to the examination and comparative study of the financial transactions or proceedings of executive and administrative authorities The organisation of the Audit office, and the work conducted in the several sections of the office, should also form the subject of a continuous examination and review, and Accountants General should feel no hesitation in submitting for the Auditor General's consideration

matured schemes of audit or account, which they are satisfied will result in reduction of the cost of audit, in simplification of work, or in greater efficiency of the results of audit. With this object, they may even undertake small experiments, provided that these do not necessitate the employment of extra establishment for which higher sanction is necessary.

154. The Auditor General should be kept fully informed of the results of, and freely consulted in regard to, important investigations conducted in the higher Audit section.

Results of Audit.

155. Results of audit should be reported to the disbursing and controlling authorities at the earliest opportunity. The detailed procedure to be observed is described in Chapters 40 to 42.

156. (1) While it is the duty of an audit officer to call attention to any disbursement which he considers to be improper, it is the function of the executive authorities to confirm or to forgo the recovery of the sums improperly disbursed. The Audit Officer should scrutinise orders so passed, and, if he considers them to be open to criticism either from the point of view of higher audit or for other reasons, should raise and pursue objections to them.

(2) Unless in any case it be otherwise provided in this Article, an audit officer should, as soon as the facts come to his notice, direct the recovery of sums in respect of which there is no doubt that they have been improperly disbursed. If the competent executive authority desires to forgo recovery, it will initiate action under rule 14 of the Auditor General's Rules. If, in any case, an audit officer is doubtful of the propriety of any expenditure, he should at once take steps to resolve the doubt by reference to the executive authorities or to the Auditor General, as the circumstances of the case may require. In order, however, to avoid unnecessary expenditure of time and labour on cases of a simple and unimportant character, the Government of India and the local Governments have agreed to the exercise on their behalf by Audit Officers of the following powers, which may not be delegated to subordinate officers :—

(*a*) An audit officer of rank not lower than that of Deputy Accountant General may forgo recovery of irregular expenditure not exceeding Rs. 5 in any individual case ; and a gazetted officer in charge of a section of an audit office may exercise the same power up to a limit of Re. 1.

NOTE.—If the irregularity is such that it is likely to recur, the Government servant responsible should be told that the expenditure was irregular even if no recovery is made.

(*b*) Some items are placed under objection, not because the whole or any portion of the expenditure is unjustifiable in itself but because it is not exactly covered by rule ; or the authority for it is insufficient ; or full proof, such as is afforded by sub-vouchers, that it has been incurred has not been pro-

duced In such cases, the head of an audit office may forgo recovery up to a limit of Rs 50 in each case, if the fallowing conditions are fulfilled —

(i) The expenditure must not be of a recurring nature

(ii) (a) Where the objection is based on insufficiency of sanction, the audit officer must be satisfied that the authority empowered to sanction the expenditure would accord sanction if requested to do so

(b) Where the objection is based on insufficiency of proof of payment, the audit officer must be satisfied that undue trouble would be caused by insistence on submission of full proof and must see no reason to doubt that the charge has actually been paid.

(c) Where expenditure under objection has, for any reason, become irrecoverable, an audit officer of rank not lower than that of Deputy Accountant General may write off an amount not exceeding Rs 50 in each case

NOTE 1—The powers conferred upon audit officers by clause (2) of this Article should not be exercised in respect of items for the check or audit of which they have no authority, such as items in bills which their offices receive and forward to another office for audit, or in respect of any amount outstanding under a debt head In respect, however, of transaction relating to Savings Banks Money Orders and British Postal Orders which are adjusted under Debt and Remittance heads, Postal Audit officers possess certain powers of waiving the recovery of petty amounts of overpayments and short realisations

NOTE 2—The powers conferred upon Audit Officers by this clause cannot be exercised in respect of objections to excesses over technical estimates of works As, however, the audit of expenditure on works against technical estimates is conducted on behalf of the local Government, the local Government may issue orders empowering the Audit Officer to waive objections to petty excesses and powers conferred by those orders should be exercised

NOTE 3—Under the powers conferred by clause (c) above audit officers may however write off outstandings in Provident Fund Accounts when such outstandings are not due to any mistake in accounting but represent overpayments established as irrecoverable for other reasons

(3) (a) In the case of payments on account of personal claims which are placed under objection more than a year or in the Central Provinces, six months after the date on which they are disbursed, the head of the audit office before demanding recovery should, subject to the provisions of sub clause (b) below, refer the matter for the orders of the Government concerned If the order given is that recovery should be waived it is open to him to challenge the order in audit All cases in which the head of the audit office has accepted the orders of a Local Government to forgo recovery without requiring a reference to the Public Accounts Committee under rule 14 of the Auditor General's Rules, should be recorded in a Register which should be reviewed by him quarterly

The exact form of the Register is left to the discretion of the Accountant General, but it should invariably show, *inter alia,* how the overpayments occurred in each case, what rules were contravened, the degree of responsibility attaching to

the drawing and disbursing officers on the one hand and to the Audit Office on the other, the reasons of the Local Government for waiving the recovery, those of the Audit Officer for accepting the Local Government's orders and the remedial measures, if any, taken to prevent the recurrence of such cases.

The power of accepting the orders of the Local Government may not be delegated to subordinate officers.

(*b*) The Government of India and local Governments have however, agreed that in respect of cases of the type referred to in (*a*) preceding the head of an audit office may forgo recovery on their behalf if the amount involved does not exceed Rs. 50 and he is satisfied that it was drawn by the Government servant concerned under a reasonable belief that he was entitled to it.

(4) Clauses (2) and (3) apply *mutatis mutandis* to overpayments discovered during local inspections and to non-recovery of Government dues in cases where it is the duty of the Audit Officer to watch recovery.

1. The special powers delegated under this Article to the officers of the Military Test Audit are mentioned in the Military Test Audit Manual.

157. When erroneous payments have been admitted in audit for a considerable time, owing either to a wrong interpretation of financial rules or to oversight, the following procedure should be observed :—

(*a*) When a wrong interpretation of a financial rule has been followed, the new interpretation should, in the absence of special instructions to the contrary, take effect from the date of issue, by competent authority, of the orders stating the correct interpretation.

(*b*) When erroneous payments have been left unchallenged through oversight, the head of the audit office should not of his own motion undertake a re-audit of bills paid more than one year, or, in the Central Provinces, six months, previously. He should report the facts of the case for orders to the Government concerned, and a re-audit should not be made unless that Government so desires. If, when Government desires a re-audit, the re-audit is likely to entail more expenditure than he is prepared to meet from *his own budget, he should take the orders of the Auditor* General.

NOTE.—Central audit has to rely largely upon certificates and it is often possible and desirable to check such certificates by examination of original documents at local inspection. Such examination is not a re-audit for the purpose of this clause.

158. When in the ordinary course of audit an amount drawn from the treasury, or otherwise received by a Government servant, whether in an official or a personal capacity, is disallowed, or a recovery is otherwise demanded of him in repayment of a debt due to Government, and

the drawing and disbursing officers on the one hand and to the Audit Office on the other, the reasons of the Local Government for waiving the recovery, those of the Audit Officer for accepting the Local Government's orders and the remedial measures, if any, taken to prevent the recurrence of such cases.

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the Government servant declines to make the payment or shows un willingness to do so, the matter will first be taken up in the ordinary course of the procedure prescribed for reporting objections to higher authority But if, at any stage, the Accountant General finds that the matter cannot be settled satisfactorily between the Finance Department of the local Government and himself, or that the attempt to obtain such settlement is leading to such delay as would seriously prejudice the chances of recovery, he may apply to the Auditor General for the issue of the necessary order of surcharge under Rule 14 of the Auditor General's Rules In taking this action, the proviso to the Rule quoted should be borne in mind and in every case, the complete facts of the case, with the explanation of the Government servant concerned and the expressed views of the local authorities, should be laid before the Auditor General

1 This rule applies also to cases in which a Treasury Officer or other disbursing officer of Government does not comply with an order of the Audit office directing him to make a retrenchment from the bills of a Government servant or to make good otherwise an amount overpaid by himself or under his orders

Reports on Defalcations and other Losses

No 8.

Page 63, Article 160—

Insert the following as Article 160 :—

160 Whenever any case of loss in which there is a possibility of the Reserve Bank *being made liable to Government either in respect of* operations on Government account conducted by itself or by its agents or otherwise, comes to his notice, the Audit Officer will call for such further information as he may require on the subject On receipt of this further information which must be obtained without delay he will at once make a report to the Controller of the Currency who is the Government official nominated to serve as a Director both on the Reserve Bank and on the Imperial Bank of India and who is the official liaison officer of Government in its relations with the Reserve Bank If there is any doubt or dispute as to the facts or the liability, the Controller of the Currency will arrange with the authorities concerned for an officer of the Reserve Bank (and of the Imperial Bank of India if the loss is in respect of an operation under its agency) and of Government to be appointed to examine the facts, while they are fresh This examination will be directed towards reaching an amicable settlement of the case or if this is impossible, at least towards clearing the ground as far as possible, so that a stated case may be referred to some outside arbitrator or legal authority The investigation will be undertaken at once and independently of any departmental or police enquiry

[Audit Code, Vol I, 1st Edn (2nd Rep), No 8, dated the 1st June 1935]

Auditor General, whether to secure an order of surcharge under Rule 14, or a demand for the production of papers under Rule 17 of the Auditor General's Rules or for any other purpose

Audit Instructions.

165. Audit interpretations given by the Auditor General under Rule 10 (*iii*) of the Auditor General's Rules are published by him, from time to time, as " Audit Instructions " for the guidance of all concerned.

For facility of reference, the interpretations given by the Governor General in Council of the rules in respect of which the power of interpretation rests with that authority, are also incorporated in the Audit Instructions published by the Auditor General. In addition to these Audit Instructions, the Auditor General publishes Audit Rulings, which embody his decisions on specific audit questions. Audit Rulings are issued by the Auditor General as the supreme audit authority in India and should not be confused with Audit Instructions, which relate exclusively to the interpretation of rules.

166. Orders issued by the Secretary of State before the inauguration of the Constitutional Reforms, which are of obvious necessity and which, in the exercise of his powers of interpretation, the Auditor General holds to be still operative, will be incorporated by the Auditor General in his " Audit Instructions." If any doubt arises as to whether such an order not issued as an Audit Instruction is still in force, a reference should be made to the Auditor General.

Audit Manuals.

167. In addition to the Office Manual referred to in Article 78, one or more Audit Manuals should be maintained by the Accountant General in which should be brought together all rules, and orders of a local character relevant to the audit to be applied by him. These manuals should be kept up to date by the issue of necessary addenda and corrigenda at short intervals, and, as a rule, no order which runs counter to, or is inconsistent with, the rules or orders issued by the Auditor General, or of competent administrative authority, should find a place in them.

NOTE.—Two copies of each Manual should be sent to the Auditor General.

1. A register should be maintained of the addenda and corrigenda issued from time to time.

168. One or more separate manuals should be maintained similarly for notifying to officers rendering accounts, Treasury Officers and other officers concerned, all important instructions of a general nature which the Accountant General may issue. from time to time, whether relating to the preparation of bills, accounts, etc., or to other matters within the province of the Accountant General.

NOTE.—Two copies of each Manual should be sent to the Auditor General.

Miscellaneous.

169. If the Accountant General finds it necessary to require the submission of any books. papers or writings relating to the accounts audited by him, he may make the necessary demand.

1. For secret and confidential documents, see Rule 17 of Appendix I.

Chapter 6—General Rules and Principles of Classification.

Accounts Classification

170 The detailed classification of account heads used in the public account is given in Appendix 7 Broadly speaking the transactions in the public account fall under three groups —(1) Revenue, (2) Expenditure, and (3) Debt Each of these groups is further divided for purposes of accounts In the case of Revenue and Expenditure heads, the main unit of classification is known as the major head which is divided into minor heads, each of which has a number of subordinate heads generally known as detailed heads

Divisions of Revenue and Expenditure

171 The revenue and expenditure classified under the prescribed major and minor heads of account fall under two main divisions —

(1) Central—Revenue and expenditure administered by the Central Government

(2) Provincial—Revenue and expenditure entrusted to the control of the local Government of a Governor's province and of the local Government of Coorg under the Government of India Act

Provincial expenditure in Governors' provinces is "Reserved" or "Transferred" according as the subject on which it is incurred is administered by the Governor in Council or the Governor acting with Ministers

172 The incidence of revenue and expenditure (whether in India or in England) under Central or Provincial and of Provincial expenditure under Reserved or Transferred is determined by the division of subjects

3. *The classification on bills is recorded by drawing officers, but the responsibility* for the correctness of such classification rests finally with the Audit Office. Special care should be taken in this matter, especially with reference to the classification between *"Voted" and "Non-voted". In cases in which there is any real doubt* as to whether a particular item of expenditure is "voted" or "non-voted" the classification in the accounts should at the outset follow the budget, but the *doubt should be referred to the Provincial Government (or to the Government of* India in the case of Central subjects) for orders and those orders followed in the preparation of the next budget, unless a local Government desires to introduce *the change in classification during that year. In all subsequent years classification* will follow those orders, and if in any case they have not been followed by inadvertence in the preparation of the budget, the error should be pointed out and rectified.

General Principles of Classification.

181. The following are the rules for regulating the classification of transactions in the public accounts. These rules, however, are subject to the rules contained in Articles 110 and 33-A and in Appendix 6 of the Civil Account Code, Volume I, regarding inter-departmental transfers and adjustments between Governments, and to those in Part IV of the Devolution Rules regarding agency transactions :—

(1) The classification in the public account has closer reference to the department in which the revenue or expenditure occurs, than to the object of the revenue or expenditure, or the grounds upon which it is sanctioned:

Example.—Expenditure in the Public Works Department on buildings required by a non-commercial department has to be charged in the Public Works accounts, *and may not be passed on for charge in the Civil Department against the depart*ment benefited by the expenditure.

(2) The following special rules govern the incidence of the cost of Survey of India and other scientific parties which may accompany a military expedition :—

(*i*) All extra expenditure connected with Survey of India parties which would not have been incurred but for the field operations, will be borne by the Army Estimates.

(*ii*) As regards other scientific parties, the respective Civil Departments concerned will bear the cost of the pay, allowances and contingencies of the parties, while the expenditure incurred on special transport arrangements made by the Military authorities will be charged to the Army Estimates.

(3) The following rules govern the apportionment of the expenditure on Survey of India between (1) 30.—Scientific Departments and (2) 5.—Land Revenue.

(*a*) Parties of the Survey of India are employed on Revenue Survey work only by an arrangement with the local Government concerned and a lump sum amount as mutually agreed is charged to the Government concerned in respect of work done.

(*b*) Expenditure on a special work undertaken at the instance of a Provincial Government outside the ordinary work of a survey party is charged to the Government concerned.

In all the cases referred to above the gross expenditure is classified in the first instance under "Survey of India" and adjustments on account of charges recoverable are made at the close of the year as laid down in the Account Code

1 The total cost of mathematical instruments supplied to survey parties is adjusted as Central At the close of the year a charge of four per cent on the total cost of each of the provincial and private surveys is added to the cost of the respective surveys on account of instruments by deduction from the amount debited to Central Credit for *instruments returned into store is given by reducing* the debit under Central In the case of instruments issued to the Bengal Drawing Office, this 4 per cent charge is not made

2 Local Governments and others for whom the Survey of India has done survey work are charged with an additional charge for supervision, as determined by the Surveyor General but not exceeding ten per cent of the cost of work done

(4) The special rules for the apportionment of the cost of (1) Forest *Surveys carried out* by the Survey of India and (2) Forest maps prepared by them are given in Appendix II to the Forest Department Code

(5) The cost of land taken up by acquisition is chargeable to the department for which it is acquired, but when it is taken up for two or more non commercial departments jointly the charge shall not be divided but shall be wholly debited to the department for which the greater part of the land was taken up As regards establishment and contingent charges in connection with such acquisition, see Article 118 of the Civil Account Code, Volume I

(6) The classification of the sale proceeds of Government land and buildings is regulated in accordance with the schedule given below —

SCHEDULE.

I—*Sale-proceeds of land, etc*

	Heads to which creditable
*(i) . . . regular Capital and Revenue accounts are kept	The Capital or Revenue account of the project as the case may be (as recoveries of expenditure)
(ii) When *the cost was originally debited* to a Capital expenditure head outside the revenue account even though no regular Capital and Revenue accounts are kept for the work covered by the Capital expenditure	The Capital expenditure head originally debited (as recoveries of expenditure)
(iii) Where the cost was originally debited, within the revenue section of the accounts, to any service or revenue department for which no capital and revenue accounts are kept.	The receipt head relating to the department concerned, or, in the case of departments not having a corresponding receipt head, "XXXV—'Miscellaneous' — 'Miscellaneous'".

*In the case of land acquired by Government on payment for Companies' Railways, or of Government land made over to such Railways by other Government Departments or Railways, where the cost was originally debited to "Subsidised Companies—Land" or "Guaranteed Companies—Land", the sale-proceeds are creditable to "Subsidised Companies", on the receipt side.

	Head to which creditable.
(*iv*) When the cost was not so debited—	
(*a*) The rights of the Government in agricultural land not covered by clause (*b*).	V.—Land Revenue.
(*b*) Nazul lands in the United Provinces, the Punjab and the Central Provinces, and lands in the Punjab equipped at the cost of provincial revenues for re-sale for building purposes.	XXXV.—Miscellaneous—Sale of lands and houses.
(*c*) All other items	XXXV.—Miscellaneous—Miscellaneous.

II.—Sale-proceeds of buildings (including the actual area occupied by or auxiliary to a building).

	Head to which creditable.
(*a*) When the cost of the building was originally debited to the Capital Account or to the Revenue Account of a project for which regular Capital and Revenue Accounts are kept.	The Capital or Revenue Account of the project, as the case may be (as recoveries of expenditure).
(*b*) When the cost of the building was originally debited to a Capital expenditure head outside the Revenue Account, even though no regular Capital and Revenue Accounts are kept for the work covered by the Capital expenditure.	The Capital expenditure head originally debited (as recoveries of expenditure).
(*c*) When the sale affects irrigation, navigation, drainage and embankment works for which Capital Accounts are not kept.	XIV.—Irrigation, Navigation, Embankment and Drainage Works for which no Capital Accounts are kept.
(*d*) When the sale is of buildings, the cost of which was originally debited, within the revenue section of the accounts, to any service or revenue department for which no capital and revenue accounts are kept.	The receipt head relating to the department concerned, or, in the case of departments not having a corresponding receipt head, XXXV—Miscellaneous — Miscellaneous.
(*e*) In all other cases :—	
(*i*) If sold in the Public Works Department.	XXX.—Civil Works.
(*ii*) If sold in the Military Department.	XXXVI.—Defence Receipts—Effective.
(*iii*) If sold by Civil agency . . .	XXXV.—Miscellaneous—Sale of lands and houses.

NOTE.—Any special and non-recurring receipts unconnected with expenditure previously debited to a capital head falling under Schedules I and II of this rule may be credited to the Major Head "XL—Extraordinary Receipts" if the local Government desires to distinguish them from the ordinary revenues of the year, provided that the amount involved is so large as to justify this special treatment.

(7) The following rules regulate the incidence of the cost of protecting railway bridges —

(1) Railway bridges, in common with railway goods and premises, will ordinarily be protected by watchmen in the employ of the railway concerned

(2) In the event of the replacement of these watchmen by military or police guards —

(a) When the services of the military or police guards are placed at the disposal of the railway at the request of the railway administration, the cost of the guards will fall *upon the railway*

(b) If the substitution is made on general grounds of State policy and the service is taken over by the police, military or other public service department as part of its regular duties, the charges will fall upon the Government and will be debited to police, military or the public department concerned, as the case may be

(8) Contributions made by the Central or the provincial Governments to District Boards, Municipalities, etc , or *vice versa* will be charged as expenditure or shown as receipts (as the case may be) under the head of account most closely connected with the object for which the contributions are made Thus, a grant for the construction of a church will be debited to "28—Ecclesiastical" , a grant for the construction of a school to "31—Education" , a grant for the construction of a drainage system to "33—Public Health" , and a grant for the construction of roads to "41—Civil Works" , while a grant given for general purposes, such as a grant to make good a deficit or as compensation for revenue resumed, will be classified under "47—Miscellaneous"

1 If the financial assistance given by the Central or a provincial Government to a local body does not take the form of a grant of cash, but of expenditure in the Public Works Department equivalent to the whole or a part of the cost of a work constructed by that department on behalf of the local body concerned the contribution thus made should be charged as expenditure under the minor head 'Grant in Aid' of the Public Works Major Head concerned, irrespective of the object of the assistance

2 A contribution paid by a local body with the express object of meeting the whole or a part of the cost of construction, by the Public Works Department, of a specific work which is eventually to be the property of Government, should be credited in the Public Works accounts to the Debt head "Public Works Deposits". The contribution should, for accounts purposes, be divided into two parts, the *one representing a share of works expenditure and the other the usual percentages* on that share to cover charges for Public Works establishment and tools and plant , and the expenditure as actually incurred, together with the percentages, should be charged against it No charge for Audit and Accounts should be levied in such cases

(9) The incidence of expenditure on railway surveys will be regulated under the following rules —

(a) The cost of railway surveys sanctioned by the Government of India will be met from Central funds This rule will also apply to surveys which the Government of India agree to

lent by one Government to another are charged to the borrowing Government. This principle applies even in cases where the Government servant lent takes leave either before joining the borrowing Government or before rejoining the lending Government. This arrangement, however, does not apply to officers in a joint cadre, such as the Bengal Judicial cadre which includes a number of posts in Assam. In such cases, the rule in clause (c) above and in article 186 should be followed.

(*d*) In the case of officers of the Indian Medical Service in civil employ proceeding to England on duty to attend the senior course at the Royal Army Medical College at Millbank, the cost of the passages provided for them from and to India, of the pay drawn by them during their absence from civil post and of the travelling allowance paid to them for journeys performed in India when leaving and returning to the country, will be charged to Defence Services Estimates. If, however, under the rules relating to the grant of study leave to officers of the I. M. S. an officer takes study leave immediately after the completion of the Senior Course at Millbank and in continuation of it, the cost of his leave salary while on study leave will be a charge on the civil Estimates, Central or Provincial, as the case may be, under the rule in clause (*e*) of this Article, but the cost of passage to India undertaken after the completion of the study leave, as well as that of free conveyance in India from the port of disembarkation to the place of duty, will be a charge on the Defence Services Estimates.

(*e*) The cost of the allowances paid to a Government servant during study leave should be debited to the Government under which he is employed when the study leave is granted.

(*f*) The pay and allowances of a Military Officer transferred from Military to Civil duty are paid by the Civil Department from the date on which he gives over charge of his Military duty, and those of a Military Officer transferred from Civil to Military duty cease to be payable by the Civil Department from the date on which he gives over charge of his civil duty. The same rule holds good in the case of all Government servants transferred from on' Department to another. A Government servant trar ferred to Foreign Service draws his emoluments from foreign employer from the date on which he relinqu' charge of his post under Government, and on revers' Government service he ceases to draw any emol from the foreign employer from the date on v resumes charge of the post under Government.

Substituted 8/18

NOTE.—Transit pay and allowances both ways of officers of † Department lent to Civil (Central or Provincial) Departments are pay' Civil Department concerned.

of these duties are chargeable to the same authority if the Government of India order such recoveries.

NOTE 1.—The charges referred to above are disbursed by the Controllers of Military Accounts concerned and recovered from the party concerned by book transfer.

(*m*) Civilian Government servants, who belong to the Army in India Reserve of Officers, when called up for training, receive the following emoluments—

(*i*) when proceeding to carry out their training direct from their civil appointments, the pay and allowances, which they would have drawn in their civil appointments but for the training, for the whole period of absence on such training inclusive of the time spent in transit to and fro ;

(*ii*) when proceeding to carry out their training while on leave in India, Burma, Ceylon, Great Britain or Northern Ireland, the civil leave pay and allowances which they would have drawn but for the training ;

(*iii*) when proceeding to carry out their training on the expiry of leave out of India taken from their civil appointments but before rejoining their civil appointments for duty, joining time civil pay from the date of disembarkation in India to the date preceding that on which their training commenced and full civil pay for the period of actual training and the period spent in journeying to the place of their civil appointments ; and

(*iv*) Military pay and allowances for the period of actual training.

The emoluments drawn under (*i*) to (*iii*) are debitable to the civil and that under (*iv*) to the Defence Services Estimates.

If it is necessary to provide a substitute in the place of such an officer undergoing training the additional cost will be a charge on Civil Estimates.

(*n*) Reservists of the Indian Army in Civil Government employ will, when called up for periodical military training, receive military pay and allowances. They will also receive the excess, if any, of their civil pay over their military pay, provided that this concession is specifically sanctioned by the Department of the Government of India or the head of the attached or subordinate office concerned, or by the local Government in whose employ the reservists are serving in their civil capacity. Except where the civil pay of the reservists is met from the Defence Services Estimates the extra expenditure involved will not constitute a charge against the Defence Services Estimates.

(o) The pay and allowances of a British Service Officer, whose unit is not represented on the Indian establishment and who is supernumerary on vacating an appointment on the personal staff of a Governor of a Presidency or a Province or any other staff or extra regimental appointment under a Provincial Government, should be charged to the revenues of the Provincial Government concerned up to the date of the officer's absorption into the establishment of his regiment This decision will be applied in the case of officers whose services are lent to a local Government on, or after, the 1st January 1934

(p) The Military pay and allowances drawn under paragraph 250 of the Regulations for the Auxiliary Force, India, by a civilian Government servant who is a member of the Auxiliary Force, India on his being called out or embodied under Section 18 of the Auxiliary Force Act are borne by the Defence Services Estimates In cases in which the Government servant draws, in such circumstances, civil rates of pay, the amount, if any, by which those rates of pay exceed military pay and allowances is debitable to the ordinary head of expenditure to which the civil pay of the individual con-

in Article 183-A

overnment servants are debited according to the following rules which have been approved by the Secretary of State —

(1) When a Government servant had served only under one Government before proceeding on leave his leave salary will be debited to that Government

(2) When a Government servant is transferred to service under a Government other than that under which he was first employed, the leave salary drawn by him during any leave taken after the date of transfer shall be charged to the borrowing Government until the entire leave earned under that Government has been exhausted

NOTE 1—See Article 53 A (1), Civil Account Code, Volume I, for the definition of the term "Government" used in this Article

NOTE 1 A—The principles governing the distribution of leave charges between different Governments are also applicable *mutatis mutandis* to the apportionment of leave charges between Central Civil and Military and between non commercial and commercial departments within the same Government

NOTE 2—For adjustment of leave salaries pertaining to the Military Department see Article 130 B of the Account Code

NOTE 3—Leave salaries of gazetted Government servants paid by one provincial Government on behalf of another provincial Government should be debited to the latter Government in Account Current.

NOTE 4—No share of the leave salary of a Civilian Government servant belonging to the Army in India Reserve of Officers for the period he is called out for military training will be debitable to the Defence Services Estimates

1. The Government which received the contribution for leave-salary of a Government servant in Foreign service should bear the charges for his leave-salary in respect of the leave earned by him during such service.

2. Service rendered in a department charged to a divided head before 1st April 1921 should be treated as service under the Central or Provincial Government according as the head in question is classified as Central or Provincial from 1st April 1921.

3. The principles governing the distribution of leave-salary between different governments and departments, as described in this article, are not applicable to a house-rent allowance or other compensatory allowance drawn during leave. Such an allowance is not earned by service but is granted to meet personal expenditure necessitated by the special circumstances in which duty is performed, and is therefore a liability of the department or Government to which the Government servant is for the time being attached and should be borne by that department or Government.

4. In the case of an officer, a part of whose service, before the 1st April 1912, was rendered in the late province of Eastern Bengal and Assam, the particular district or districts in which he served will be taken into account, and his service in that province will, for the purposes of this Article, be taken as having been rendered in the province in which the said district or districts are now included. This rule is subject to the provision of Article 33-A (3), of the Civil Account Code, Volume I, under which local Governments may, by mutual agreement, waive the recovery of claims.

183-A.

Incidence of Travelling Allowances.

184. Except in the following cases, the travelling allowance of an individual, on whatever duty he may be employed, is charged to the same head as his pay—

(*a*) The travelling allowance drawn by the Medical Officer in charge of the British troops at Calicut, for journeys to and from the Mental Hospital at that station, is debited to the Civil Department.

(*b*) The travelling allowance of a person paid from a Local Fund may, when travelling in the execution of Government duty, be paid and charged to the General Revenues. Similarly, the travelling allowance of a Government servant paid from the General Revenues, when travelling on duty connected with a Local Fund, may be charged to the Local Fund.

(*c*) The travelling allowance of Indian Military students, while under training with survey parties, is debited to the Survey Department.

(*d*) Travelling allowances of Telegraph signallers accompanying provincial Governors and other high officials on tour is debited to the Department concerned, although their pay for the period is debited to the Telegraph Department.

(*e*) The travelling allowances paid to Commissioned Indian Military officers both on the active and on the retired lists and officers of the Military Police and Militia when attending Durbars will be charged under the head "47.—Miscellaneous."

(f) The travelling allowance drawn by the Reporters of the Indian Legislature when they are summoned away from their head-quarters by other Government Departments is debited to such Departments

(g) A European non-commissioned officer or soldier on obtaining Civil employment is ordinarily required to buy his discharge from the Army, but, if such a person dies in Civil employ while under a Military contract of service, the Civil Department in which he was serving will bear the charge of any ... which under Military pay regulations, may

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ollowing *for* the exception (*h*) under this Article :—

elling allowance of officials of the Education and other Madras for their journeys in connection with the conduct, or otherwise of all examinations under the control of the or Government Examinations, Madras is debited to the head *eous Departments—Miscellaneous—Examinations* ".

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in the School Leaving Certificate Examination or in other examinations conducted by the Department of Public Instruction in the United Provinces will be debited to the head " 31-Education "

(j) The travelling allowance of Government servants appointed for duty in connection with the examination for admission to the Indian Military Academy, Dehra Dun will be met by the Public Service Commission

(k) The travelling allowance of officials of the Central Provinces Government for journeys made on business of the Central Provinces Board of High School Education will be adjusted under the head to which the charges of the Board are debited

1 This Article applies to the travelling allowance of a Medical Officer for a journey to attend on a Government servant entitled to such attendance

2 The rules governing the incidence of the cost of passages and travelling allowances paid to officers of the Indian Medical Service in Civil employ when proceeding to England to attend the Senior Course at the Royal Army Medical College at Millbank are contained in Clause (d) of Article 182

185. The travelling allowance of a Government servant transferred from one Department to another is debited to the Department to which he is *transferred*

186. The travelling allowance of a Government servant proceeding to join an office should, in the absence of special orders to the contrary, whether in respect of a particular case or class of cases, be charged to the office to which he is *proceeding*

NOTE 3—The expression "length of service" used in the following rules means length of qualifying service" For purposes of apportionment of pen sionary charges the following should be excluded from the calculation of qualifying service and r this rule —periods of probation or training during which the Govern-

... civil employment and added to civil qualifying service under the special ... of the Secretary of State should be taken into account for the purpose ... portionment the pensionary liability in respect of these periods being dis... ed as follows —

(i) (a) In the case of officers and men, other than Chaplains on the Indian ...iastical Establishment who rendered temporary military service in the Great ...nd are allowed to count such service towards civil pension, subject to a ...um of four years, the pensionary charges in respect of such added service ...b table to Civil Department, the distribution between employing Governments ...ade in the same proportion as the liability for the rest of the officer's ...ying service

(b) In the case of Chaplains on the Indian Ecclesiastical Establishment, all ...es rendered as a Chaplain in the British Army during the Great War, prior ...r appointment to Government Service in India, is allowed to count as both ...e and residence for retiring pension and as residence for invalid pension, and ...ensionary charges in respect of such added service are debitable to the War

...ervice of other kinds in His Majesty's forces during the Great War and ...e s Chaplain in the Dominion forces for which the War Office has not ...ted pensionary liabilities, are allowed to count as service for their Indian ...on as in the above sub paragraph up to a maximum of two years, provided ...ho such service rendered before the age of 27 years should so count The ...onary charges for such service should be distributed among the various ...loying Governments in India in the manner laid down in sub clause (a) above

(2) In the case of surplus officers of the Indian Army, who retired under the ...al Warrant of the 25th April 1922 and subsequently obtained Civil employment, ...pensionary charges in respect of any special addition to Civil qualifying service ...debitable to the Military Department

~~EXCEPTION 2—In the case of officers whose pensions, like those of officers~~ which

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Article 190, Note 3, Exception 2—

...itute the words "In the case of pensions which" *for* the words ...ase of officers whose pensions, like those of officers of the Royal ...avy" occurring in lines 1 and 2

[Audit Code, Vol I, 1st Edn (2nd Rep), No 23, dated the 1st July 1935]

...he Central Government ... which the payment is made if the payment is made in India

NOTE—This rule also applies to wound or injury pensions sanctioned before the ... April 1921

*(2) *Pensions sanctioned on or after 1st April 1921* :—

(*a*) *Payments outside India* :—

(*i*) If an officer has served under one Government only that Government will bear the charge.

(*ii*) If he has served under more than one Government the pension will be divided among the several Governments in proportion to the length of service under each.

(*b*) *Payments made in India* :—

(*i*) If an officer has served under one Government only that Government will bear the pension drawn by him on retirement even though he draws it from another Government. Pensions drawn in provinces by servants of the Central Government will be debited to Central heads direct.

(*ii*) If an officer has served under more than one Government (other than the Government of India) before retiring, his pensions will be borne by the Government under which he was serving at the date of retirement.

(*iii*) If an officer has served both under the Central Government and under one or more other Governments before retiring, the Central Government will be debited with a proportionate share of the pension determined by mere length of service. The balance will be borne by the Government under which he was serving at the date of retirement, or, if that be the Government of India, by the Government under which he was serving prior to his transfer to the Government of India.

NOTE 1.—As regards charges in respect of pensions, sanctioned on or after the 1st April 1921, for Government servants serving in the Irrigation Department, whether paid in India or out of India, the liability of the Central Government, in respect of services rendered prior to the 1st April 1921, should be fixed in each case in the proportion which the entire cost of the Irrigation establishment charged to wholly Imperial heads bore to that charged to Provincial or divided heads, or, in the case of Madras, to the total Public Works Establishment charges; the proportion being determined on the average of the ten years preceding the 1st April 1921.

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*For the purpose of adjustment of leave salaries and pension the Government under which an officer has served should be taken to mean the Government by which he has been paid. In other words, so far as period of duty and leave are concerned, the pensionary liability will be distributed among employing Governments in proportion to the periods for which the officer drew pay or leave-salary from each Government.

In the case of periods of leave out of India prior to the 1st April 1921, such leave should be taken as service under the Government under which the officer rendered the service by which the said leave has been earned.

The above provisions do not, however, apply to the case of special additional pensions, the apportionment of which is regulated in accordance with clause (*e*).

This rule also applies to special additional pensions dealt with under clause (2) (c) below

(c) *Special additional pensions, whether paid in India or outside India* —Special additional pensions will be treated as separate items and distributed according to length of service between the different Governments under which the service by which the additional pension was earned was rendered

NOTE —The rule should be interpreted literally That is to say, the allocation should be based on the total period of service in the lower and upper grades combined without regard to the period of service by which the additional pension can be earned in any one grade alone

(d) Civil servants who were placed on military duty during the war shall be deemed to have been serving under the Government of India for the period of that duty

NOTE —The pensionary charges in respect of the portion of pension earned by the military duty referred to in this rule are chargeable to the Major Head 49—Defence Services—Non effective

(e) Wound and injury pension will be charged to the Government under which the recipient of the pension was serving when the wound or injury was received

(f) Pensionary charges of Military Officers and other ranks, including those of the Indian Medical Service or Department who have been employed partly under the Army Department and partly under the Civil Departments of the Central Government or Provincial Governments, will be distributed under the rules in (a)(ii) and (b) (iii) between the Provincial Government or Governments concerned, the Central Government (Civil Estimates) and the Defence Services Estimates in proportion to the length of service rendered in the Civil departments of each Government and in the Army Department Special additional pensions awarded to Military Officers holding high civil posts will as laid down in rule (c) above, be distributed according to the length of service by which it was earned under the different Governments These principles will also be applied *mutatis mutandis* to the pensionary charges of civilian Government servants who have been employed partly under the Military Department See also Article 130 B of the Account Code

1 No share of pensionary charges of a Civilian Government servant belonging to the Army in India Reserve of Officers for the period he is called out for military training will be debitable to the Defence Services Estimates

(3) When an adjustment has to be made under these rules between two or more Governments, it may be made either by the payment in lump or in instalments of the commuted value of a pension, or in accordance with any special arrangement which may be concerted between the Governments concerned

1 The system of lump sum adjustments of pensionary charges (commuted value) between the Central Government and Provincial Governments is not to be

(*ii*) If the pension for the 31st March 1924 was paid elsewhere—the charge is debitable to the Central Government irrespective of the place of payment.

(*b*) If the pensioner has served both under the Central Government (including Coorg) and under one or more other Governments :—

(*i*) Proportionate share debitable to Provincial Government in accordance with Article 190 (*2*) (*b*) (*iii*),—the charge is debitable to the Provincial Government concerned.

(*ii*) Proportionate share debitable to the Central Government under Article 190 (*2*) (*b*) (*iii*)—as in II (*a*) above.

III. Pensions sanctioned on or after 1st April 1924 :—

The distribution is to be made *mutatis mutandis* in accordance with the principle of Article 190 (*2*) with the substitution therein of 1924 for 1921, any service under the Coorg Administration in departments which have been provincialised being considered as service under the Coorg local Government.

190-B. The following are the rules regarding the incidence of pensions of Government servants employed in the North-West Frontier Province :—

I. Pensions sanctioned before the 1st April 1921 :—

(*a*) If paid in England—the charge is debitable to the Central Government.

(*b*) If paid in India—

(*i*) If paid in the North-West Frontier Province—the charge is debitable to the revenues of the North-West Frontier Province.

(*ii*) If paid in any other province—the charge is debitable to the Provincial Government concerned.

(*iii*) If paid in an area administered by the Central Government—the charge is debitable to the Central Government.

II. Pensions sanctioned between 1st April 1921 and 17th April 1932 (both dates inclusive) :—

(*a*) If the whole of the pensionary service of the officer has been rendered under the Central Government (including the North-West Frontier Province Administration) :—

(*i*) If the pension for the 17th April 1932 was paid in the North-West Frontier Province—the charge is debitable to the revenues of the North-West Frontier Province irrespective of the place of payment (including England).

(ii) If the pension for the 17th April 1932 was paid elsewhere —the charge is debitable to the Central Government irrespective of the place of payment

(b) If the pensioner has served both under the Central Government (including the North West Frontier Province Administration) and under one or more other local Governments —

(i) Proportionate share debitable to Provincial Government in accordance with Article 190 (2) (b) (iii) —the charge is debitable to the Provincial Government concerned

(ii) Proportionate share debitable to the Central Government under Article 190 (2) (b) (iii),—the charge is debitable as in II (a) above

III Pensions sanctioned on or after 18th April 1932 —

The distribution is to be made *mutatis mutandis* in accordance with the principle of Article 190 (2) with the substitution therein of '18th April 1932 ' *for* ' 1st April 1921 '' any service in the North West Frontier Province Administration in departments which have been provincialised being considered as service under the Government of the North West Frontier Province

191 When the payment of a pension which was sanctioned after 31st March 1921 and paid outside India is transferred to India and the transfer involves the payment by one Government of a charge for which another Government is responsible under Article 190 (2) (b) (i) the adjustment of the charge will be effected in accordance with the rule in clause (3) of that Article In the reverse case of transfer outside India of such a pension paid in India the classification of the payments made out of India will be the same as it was at the time of the transfer

Incidence of pensions of Chaplains

191 A Pensions of chaplains sanctioned prior to the 1st April 1928 will be treated as a charge against Defence Services Estimates if paid or adjusted in India and as a civil charge against Central Revenues if paid out of India and adjusted finally in the Home accounts , provided that if a chaplain rendered military service during the Great War the portion of his pension corresponding to that service will be charged against Defence Services Estimates Pensions sanctioned from the 1st April 1928 will be adjusted in accordance with Article 190

Incidence of Mutiny Pensions

191 B Pensions granted to the dependants of Mutiny Veterans are chargeable to the Central Government if sanctioned on or after the 1st April 1921 the pensions sanctioned before the 1st April 1921 will continue to be charged to the Government by which the payment is made

Incidence of pensionary charges of Commercial Departments.

191-C. The pensionary charges of Commercial Departments are with effect from 1st April 1923 brought to account under the appropriate commercial heads of account concerned. The following rules prescribe the procedure to be followed in determining the amount debitable to the various commercial Departments :—

(1) *Railways.*—The pensionary charges relating to Railways are adjustable on the basis of actual pensions paid. In view of the practical difficulties experienced in allocating the charges for pensions sanctioned before 1st April 1921, the following rules have been laid down with the approval of the Secretary of State for the adjustment of pensionary charges of Government servants who have rendered service in the Railway Department :—

(*i*) all pensions which were being debited to the Railway Department on 3rd September 1929 should continue to be so debited ;

(*ii*) all pensions sanctioned on or after 3rd September 1929 should be distributed between the Railway and other departments in which the officers actually served in accordance with the rules in Article 190 (2) (*a*) (*ii*) and (*b*) (*iii*) ;

(*iii*) no detailed investigation need be made in respect of pensions sanctioned before 3rd September 1929 but if, in the ordinary course of audit, it is found that a particular officer served in the Railway Department, a proportionate share of his pension will be debited to that department.

NOTE.—As pensions sanctioned before 1st April 1921, and paid in India in Governors' Provinces are debitable to those provincial Governments under Article 190 (1), debits raised against Railways by a Provincial Accountant General for any share of such pensions should be set off by a corresponding credit to "45-Superannuation Allowances and Pensions—Central, Deduct—Pensions of Commercial Departments".

(2) *Other Commercial Departments.*—The pensionary charges of the Indian Posts and Telegraphs Department are adjusted on a liability basis, the actual pension payments being debited to the head "45-Superannuation Allowances, etc.". A similar procedure is also followed in the case of the Irrigation, the Northern India Salt (Manufacturing Branch) and the Lighthouse Departments in which the pensionary charges are adjusted at a percentage based on establishment charges, while the actual pensions are charged to the head "45-Superannuation Allowances, etc.".

(3)

1. The pensionary liability of commercial departments and undertakings, for which *Pro formâ* commercial accounts are maintained outside the regular Government accounts, is assessed on a contribution basis at rates fixed by the Government of India or the Local Government as the case may be, the actual method of adjustment in the regular Government accounts being determined in consultation with Government (*vide* Article 144-A). As regards other departments and undertakings, for which no regular commercial accounts are maintained either within or outside the regular Government accounts, but which are allowed to charge for their products or services rendered, the pensionary liability is taken into account in the estimate of overhead charges and manufacturing costs for the purpose of

calculating the issue price of goods manufactured or fees for services rendered, the calculation being made at rates prescribed for the purpose by the Government of India or the Local Government as the case may be

Incidence of Contributions towards Leave salary and Pension of Government servants lent to Foreign Service

192 Contributions towards leave salary and pension recovered on behalf of a Government servant in foreign service are creditable to the Government (Central or Provincial) under which he was permanently employed at the time of his transfer to foreign service

1 This rule applies to all foreign service rendered from and after the 24th October 1921

2. Contributions towards leave salary and pensions in respect of foreign service [illegible] the Central Government should be adjusted in the [illegible] servant on

India. The sterling amounts shown in these statements are converted into rupees, for the purpose of adjustment, at the annual average of the daily Calcutta Telegraphic Transfer rates on London as communicated by the Controller of the Currency.

Incidence of Bonus charges for Government servants who were employed on Bonus terms and have served under more than one Government.

192-B. The Government to which a subscriber to a special provident fund originally belonged is primarily responsible for payment of bonus charges to the subscriber and that Government should recover the bonus charges from other Governments to which the services of the subscriber may have been lent from time to time. The recoveries of bonus charges from other Governments should be classified as reduction of charges under the major head "45—Superannuation Allowances and Pensions."

1. Charges recoverable from the Central Government should be adjusted by debit to the head "45—Superannuation Allowances and Pensions—Central" in the books of the Accountant General of the Government to which the subscriber originally belonged.

Incidence of Grants of land and alienations.

192-C. Provincial Governments should receive compensation from the revenues of the Central Government for all grants of land and assignments or remissions of land revenue sanctioned on or after the 1st April 1921 in favour of officials and non-officials in recognition of exceptional services rendered by them to the Government of India.

1. The amount of compensation payable to local Governments for grants of land and Jagirs by the Central Government are adjusted at the end of each year through the head 'Miscellaneous adjustments between Central and Provincial Governments'.

2. The value of compensation for grants of land, etc., by the Military Department should be debited against the Defence Services Estimates (*vide* Article 130-A of the Account Code).

Incidence of Expenditure on Audit.

192-D. The following rules govern the incidence of expenditure on audit conducted by the Auditor General under the relevant rules in the Auditor General's Rules :—

(*i*) Under rule 9 (*ii*) of the Auditor General's Rules the Auditor General is reponsible for the efficiency of the audit of expenditure in India from the revenues of India. When the Auditor General undertakes such audit through the Indian Audit Department which, under item 15 in Schedule 1, Part I, of the Devolution Rules, is a Central subject, the Central Government must bear the charge.

(*ii*) If a Provincial Government requests the Auditor General to arrange for a more detailed or a local audit of expenditure from its revenues, the criterion for deciding the incidence of the expenditure is whether or not the Auditor General agrees to do the work. If he does so, the cost of the audit will be a Central charge, since what is involved is an extension of audit for which the Auditor General is

statutorily responsible The fact that such audit is undertaken in a single province is irrelevant, since all audit work is Central wherever it is carried out

(iii) Ordinarily the Auditor General is not responsible for the audit of any accounts mentioned in Rule 12 of the Auditor General's Rules, but he becomes statutorily responsible for this work when he is required by the Governor General in Council to undertake it In this case also, the cost of audit will be a Central charge

(iv) Similarly the charge in connection with the maintenance of official accounts of a province which are maintained in an office of the Indian Audit Department is a Central charge The maintenance of internal departmental accounts is, however, part of the ordinary duties of a provincial department and is, therefore a provincial responsibility and the cost of maintaining such accounts is a provincial charge Thus if the Auditor General is asked to scrutinise or to advise on the modification of an existing system of departmental accounts he undertakes such work as an agent of a Provincial Government and the cost remains a provincial charge

Incidence of Government Contribution to the I C S (Non European Members) Provident Fund

192 E The incidence of the contribution payable by Government under the Rule 11 of the Indian Civil Service (Non European Members) Provident Fund Rules should be determined in each case in accordance with the principle of clause (*2*) of Article 190

Treatment of losses

192 F The rules for the treatment of losses in the Government accounts and in the Appropriation Accounts are contained in Appendix 17

Chapter 7.—Grants and Appropriations.

Budget Procedure.

193. The procedure relating to the preparation of Demands for Grants, to the appropriation and re-appropriation of funds and to budget matters generally is laid down in the financial rules issued by the Finance Department of the Government concerned. The powers of a local Government in a Governor's province in respect of re-appropriation are set out in Rule 38 of the Devolution Rules.

Grants.

194. A grant or supplementary grant may be in respect of expenditure falling under one or more major heads or sections of a major head. For purposes of financial control, the grant allotted to each major head of account is divided into primary units of appropriation, each of which may be divided and sub-divided, as may be necessary, into secondary units of appropriation.

195. Separate provision is made for Indian and English expenditure, the English provision being intended to cover the charges incurred in England by the High Commissioner on the supply of stores and for other payments made in England which are not chargeable to Debt heads of account.

1. All charges paid at ports or elsewhere in India in connection with stores obtained from England should be treated as Indian expenditure.

Distribution of Grants.

196. The distribution of grants is usually effected as under :—

(*i*) The whole or a part of the appropriation for a primary unit within a grant may be placed at the disposal of a controlling authority or a disbursing officer, or the unit may be broken up into a number of secondary units (to cover a number of items of expenditure or a number of detailed heads of account) and the appropriation for any of these, wholly or in part, may be placed at his disposal.

(*ii*) A controlling officer at whose disposal an appropriation for a primary or secondary unit has been placed, may, out of it, allot funds for expenditure on a specific item, or on a group of items.

(*iii*) The sum total of all appropriations made by any controlling authority from a unit should not exceed the amount of the unit, or portion thereof placed at his disposal.

(*iv*) The appropriation for a unit can be increased or decreased only by a formal order of re-appropriation authorising a transfer of funds from or to another unit.

Appropriations

197 An appropriation is intended to cover all the charges, including the liabilities of past years, to be paid during the year or to be adjusted in the accounts of it It is operative until the close of the financial year Any unspent balance lapses and is not available for utilisation in the following year, but a local Government will ordinarily endeavour to include any anticipated lapse in the demand for the following year

1 The financial year closes on 31st March After that date all actual transactions are treated as pertaining to the following year, but *bona fide* transfer entries pertaining to the accounts of the year are permissible for some months

198 No appropriation is needed for recoveries of expenditure which are treated as receipts both initially and finally and are not required, by any rule in an authorised account code to be taken in reduction of charges against grants Appropriation is required however for payments classed as refunds of revenue which appear ultimately as deductions under revenue heads of account

199 An appropriation or re appropriation within the grant of a year can be authorised at any time before but not after the expiry of the year

Audit of Appropriations

200 The audit of orders of appropriation and re appropriations consists in seeing—

(a) that the order has not the effect of increasing the amount of a grant without the sanction of competent authority,

(b) that the amount appropriated is available under the unit from which it is allotted and

(c) that the order is issued by competent authority

1 The Accountant General Central Revenues is required to maintain for purposes of clause (b) above a record of all appropriations sanctioned by the Government of India Finance Department, from the reserve at their disposal and to report them to the Public Accounts Committee

2 In respect of the grants for Civil expenditure of the Central Government which are spread over more than one Audit circle the following officers conduct the audit referred to in this Article —

(i) The Accountant General Central Revenues, conducts the audit as per clause (a) in all cases and that as per clause (b) only in cases in which the expenditure is finally adjustable on his books

(ii) The Audit Officer concerned is responsible for auditing the sanctions in respect of clause (c) in all cases and in respect of clause (b) only in cases not falling under (i) above

Audit of Expenditure against Grants

201 It is not sufficient to exercise merely a close watch over orders of appropriation and re appropriation, the progress of expenditure against (1) the grant as a whole and (2) appropriations for primary as well as secondary units should also receive special attention The

booked expenditure should be scrutinised intelligently and warnings should be issued to disbursing officers, and, if necessary, to controlling authorities also, when excesses appear to be likely.

It must be clearly understood, however, that the authority administering a grant, and not the Indian Audit Department, is ultimately responsible for keeping the expenditure within the grant.

202. (*a*) The Accountant General is responsible for watching firstly that the total expenditure under a grant does not exceed the grant and secondly that the total expenditure on each primary unit within a grant does not exceed the appropriation therefor, as modified by orders of re-appropriation passed by competent authority from time to time. If the Provincial Legislature effects a cut in an item separately expressed in the budget demand, which is of smaller extension than a primary unit, the Accountant General should isolate that item and conduct appropriation audit as far as possible against it.

1. The detailed procedure for working out, month by month, the progressive expenditure against each grant and primary unit of appropriation is described in Chapter 10 of the Account Code.

2. If a grant for Civil expenditure of the Central Government is spread over more than one Audit circle and the expenditure in each circle is passed on to the Accountant General, Central Revenues, for adjustment in his books, the Accountant General, Central Revenues, should conduct the appropriation audit prescribed in Article 202 (*a*). If, however, the expenditure against such grants in each circle is adjusted finally in the local books, each Audit Officer should conduct the appropriation audit against the portion of the grant, if any, assigned to his circle, and should communicate (in S. Y. Form No. 129-B.) the progressive expenditure of his circle of audit, month by month, to the Accountant General, Central Revenues, who should audit the total expenditure for all Audit circles against the total grant for the whole of India.

3. Certain Central Civil and Irrigation Works have been placed under the audit control of certain Controllers of Military Accounts who submit, in respect of such works, compiled accounts to the Civil Accountants General concerned for incorporation in their books. In such cases the Controller of Military Accounts concerned will conduct the appropriation audit prescribed in this Article in respect of the expenditure against primary units as well as that against the total of that portion of the grant which has been assigned to his circle. The Civil Accountant General will, however, audit the total expenditure against the total grant under the head.

(*b*) He must further see on behalf of the executive Government (Central or Provincial) that if, under the financial rules of that Government, a particular object of expenditure requires a specific appropriation, all expenditure on its audited against such appropriation.

(*c*) Similarly, if a lump sum appropriation is made for a group of items of expenditure of an office, the total expenditure thereon will be audited against the lump sum placed at the disposal of the disbursing officer for the purpose.

1. The check against any specific appropriations which a Divisional officer of the Public Works Department may make to disbursing officers subordinate to him, out of any lump sum placed at his disposal, is conducted by the Divisional Accountant on his behalf, *vide* paragraph 101 of the Public Works Account Code.

(*d*) When, however, several officers are authorised to incur charges relating to a unit of appropriation, against a lump sum appropriation placed for the purpose at the disposal of a single higher authority, it devolves upon this authority to watch the progress of expenditure in all the offices and to keep the aggregate charges within the appropriation If the Accountant General is requested by the local Government to audit the charges against the appropriation, he will comply with the request

202 A In the case of single grants or appropriations which are divided into an English and an Indian portion, the duties of the Audit Officers in India as described in Articles 201 and 202 should be exercised in respect of the Indian portion only of the grant or appropriation

PART III.

TREASURY AUDIT.

Chapter 8.—General Arrangements of Treasury Audit Department.

Introductory.

203. The Treasury Audit Department is divided into small sections each with a Senior Accountant or Accountant in charge. One of these sections, which is called the Central Treasury Section, receives the district accounts of all treasury transactions. The remaining sections, which are called the Treasury Departmental Sections are constituted on a departmental basis so that all transactions relating to a particular department may, as far as possible, be dealt with in one section.

NOTE.—The Central Treasury Section may conveniently be attached as a sub-section to the Book Department.

District Auditor.

204. In the central treasury section, one clerk known as the district auditor, is responsible for the adjustment of the entire treasury accounts of a district, and also for the audit of these accounts with the exception of departmental receipts and payments which are entered by the treasury in separate schedules and provisionally adjusted by the district auditor under the suspense head, "Departmental Adjusting Account". The audit of these departmental receipts and payments and their final adjustment under the proper heads of accounts are entrusted to clerks known as departmental auditors attached to Treasury Departmental Section. Every schedule of departmental receipts and every second schedule of departmental payments which form part of the month's accounts working up to the general cash accounts should pass through the hands of the district auditor; who, before passing on the schedule to the departmental auditor, must test its total against the

entry in the cash account or the list of payments and must mark the total of the schedules, as well as the corresponding entry in the cash account or list of payments, as "agreed" and initial them

1 The detailed check of Remittance Transfer Receipts and Supply Bills and deposits may be entrusted to separate clerks, but the district auditor is responsible for seeing that the lists of receipts and payments agree with the cash account and the lists of payments and also if the arrangement is that he shall check the vouchers before making over the lists of bills and of depos[illegible]

No. 76.

Page 97, Article 201, Rule 2—

Substitute the words "when they" *for* the word "which" in line 1 of this rule

[Audit Code, Vol I, 1st Edn (2nd Rep), No 76, dated the 1st June 1936]

Departmental Auditor

204 A The departmental auditor is responsible for the audit and adjustment of all transactions which are entered by treasuries in the departmental schedules of receipts and payments as relating to a particular department or to a particular major head of account not affecting a particular department The bills of Gazetted Officers will, as an exception to this rule, be audited by a separate group and, in the case of larger departments specified classes of bills or the bills relating to certain divisions may be similarly entrusted to separate auditors in the section , but the departmental auditor is still responsible for seeing that the bills or vouchers which he transfers to the separate group agree with the entries in the departmental schedules, that they are recovered after audit and that unless separate objection books are kept by the group concerned, any objection taken by the auditors is duly recorded in the objection book and notified to the Treasury Officer or other officer concerned

1 Personal advances made to a gazetted officer should be passed on for audit in the same way as gazetted officer's pay bills

2 The statement in Public Works Account Form 48 showing recoveries of rents from Gazetted Officers in respect of Government residences borne on the books of the Public Works Department, received with the monthly accounts from not less than ten per cent of the treasuries selected at random by a Gazetted Officer, should be checked every month with the relevant vouchers The selection should be so made that each treasury should come within the cycle of audit at least once a year In checking the statements it should be specially seen that the rates of emoluments as noted therein are correct These statements after verification should be forwarded to the Divisional Officer concerned, through the Works Audit Section in offices where the accounts of rents are audited in the audit office See also Rule 1 to paragraph 257 of the Public Works Account Code

NOTE—The test check of statements in respect of non gazetted Government servants of selected offices may similarly be conducted at the discretion of the Accountant General

3 Statements received from disbursing officers and submitted to the audit officer along with the divisional accounts should be sent periodically to the audit officers concerned for verification and the procedure indicated in Rule 1 under Article 257 of the Public Works Account Code should then be followed in respect of the verified statements

4. In the case of subscribers to the General Provident Fund, the rate of pay, as entered in the "Schedule of General Provident Fund Deductions" (G. P. F. 8) attached to the pay bills for March paid in April, should be checked by the Audit Sections concerned before the schedules are made over to the Fund Section.

5. The departmental auditor is responsible for preaudit of presidency payments (Chapter 22) and for such audit of appropriations as is conducted at the special request of the Executive.

6. The audit and adjustment of both Central and Provincial transactions relating to Public Works and to pensions may with advantage be entrusted to one and the same departmental section.

204-B. The Departmental Auditor should be an experienced clerk and should be assisted, if necessary, by one or more junior clerks as sub-auditors according to the heaviness of his charge. The sub-auditors should work under the direct supervision of the auditor and should be employed chiefly on work which is more or less of a mechanical nature, such as referencing, the arranging of vouchers, the checking of totals and of fund deductions, the posting and totalling of the departmental abstracts, etc. In order to train them for more important duties, they should also be entrusted with the audit of some of the less important bills, such as establishment bills to which neither leave statement nor increment certificate is attached and travelling allowance bills of inferior servants. The detailed distribution of work between the auditor and the sub-auditor is left to the discretion of the Accountant General, and should be set out clearly in the Office Manual. A clerk should not ordinarily be employed as a departmental auditor until he has worked for some time as a sub-auditor.

205. On receipt of the schedule of receipts or payments, the departmental auditor should test the total of every schedule or list subsidiary to the general schedule with the entries in the general schedule itself, and should mark the total of the subsidiary schedule or list, as well as the corresponding entry in the general schedule, as "agreed" and initial them. The first duty of the person who has to dispose of the subsidiary schedule or list is to see that the detailed entries recorded on it work up to the total thus agreed. He should therefore add up the entries in the money column, and initial the total as "checked". Not until this is done is it permissible to proceed to the audit of the detailed entries.

Audit Procedure.

206. Audit should be conducted in accordance with (1) the general rules and principles laid down in Chapter 5, and (2) the special procedure, applicable to each class of transactions, as set out in the relevant chapter of this Code.

207. The auditor examining a voucher or schedule should record the necessary particulars in the proper audit register, if any, unless there is a rule to the contrary, and should examine, tick off, or correct and complete *in ink* the classification on the voucher or schedule. The classification should indicate the amount to be taken to each detailed head in order that the Compilation Book or Classified Abstract may be

posted directly from such enfacement In the audit enfacement he should explain any objection taken to any item in sufficient fulness to make it readily understood The following is an example of the type of note which should constitute the audit enfacement :—

	Rs
Charge —Headquarters office establishment . .	1,976
Tahsildars and establishments	2,431
Total amount of bill	4,407
Admitted Rs 4,382—	
Objected to	25
as per details following —	
A B, officiating for C D, officiating allowance overdrawn . . .	25
Rs 18, pay of E F. newly appointed, held under objection pending receipt of Health certificate	

1. The object of the rule is to secure that every voucher or schedule shall be complete and intelligible in itself, and shall formally record its adjustment, so that a stranger [illegible] entries in the Com[illegible]

No. 77.

Page 99, Article 207, Rule 1—

Add the words "or schedule" after the word "voucher" in line 1 of this rule and the words "compilation book or" and "or schedule" before and after the words "classified abstract" and "voucher" respectively in line 4.

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 77, dated the 1st June 1936.]

correctness of the classification so noted should check and attest each entry.

208. The post-audit of service payments and the examination of Debt head (including Exchange Account) charges must be carried on simultaneously. No Audit office can be considered free from arrears unless the establishment is ready to deal with statements as soon as they arrive When the first schedule of payments is received, the audit should commence at once, so that any error discovered may be notified to the office immediately concerned, or, through the Objection Statement, to the Treasury Officer, before the next month's payments are made. If this is delayed, the same error may be again committed, the objection must again be raised, and the work is thus greatly increased.

1. See 'Note' under Article 770

Inter-departmental adjustment

208-A. When an item of receipt or [illegible] which is [illegible] adjustable in the abstract of one [illegible] in the [illegible] schedule pertaining to another [illegible] or head of [illegible] auditor dealing with the schedule should [illegible]

detailed suspense head opened in the accounts for the provisional adjustment of the treasury transactions of the department which must finally receive the credit or debit. The auditor should then send an intimation of the transaction on a suspense slip in Form 5, supported by the vouchers or extracts from vouchers, to the departmental auditor of the adjusting department. On receipt the letter should deal with ...

No. 78.

Page 100, Article 208-A—

Insert the words " other audit groups and " before the words " the Gazetted Audit Department " wherever they occur in the Note below this Article.

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 78, dated the 1st June 1936.]

208-B. The amount and other particulars of each suspense slip should be entered by the auditor preparing the slip in a register of suspense slips (Form 5-A) by carbon process in duplicate. Separate registers/bearing distinctive letters must be set apart for the suspense slips relating to each detailed suspense ledger head of the " Departmental Adjusting Accounts " or for each section as may be found convenient. The entries in each register should be numbered in a separate consecutive series for the year, and the number of each entry, with the distinctive letter of the register, should be entered in the relevant suspense slip. On completion of the departmental abstract or the treasury portion of the detailed book the auditor concerned will detach the original list of suspense slips, being the top copies in the register and forward it to the section maintaining the abstract relating to the suspense head in order to secure the certificate prescribed on the form. When the list is received back with the prescribed certificate, it should be pasted on to the corresponding carbon copy in the register.

Current Review of Audit.

209. The audit of the treasury accounts must be reviewed under the following rules by a Gazetted Officer or by a member of the superintending staff, who, as he passes each voucher should place a distinctive mark (either his initials or some shorter distinctive mark) under the enfacement of the voucher and against the entry, if any, in the audit register.

This review should be made immediately after audit and, wherever possible consistently with Article 133, before the bills are posted in the Classified Abstract or in the Detail Book.

A very important part of this review is the check of the classification.

NOTE.—Here and elsewhere the term " Superintending Staff " should be held to mean Senior Accountants and Accountants only.

1. In addition to the check of the classification of vouchers reviewed under Article 210, the Superintendent should be held responsible for the correct classification of items of over Rs. 500 but not exceeding Rs. 5,000 under any detailed head of account and the Gazetted Officer for the classification of similar items of over Rs. 5,000.

210 The minimum percentage of bills for Sterling Overseas Pay and of vouchers of each class received with the treasury accounts to be reviewed concurrently and the agency by which such review is to be performed will be governed by the following rules, the prescribed percentages being calculated on the number of vouchers subjected to audit, except in the case of items falling under (10) But in the case of vouchers received with the Exchange Account which, under Article 135, are subjected to cent per cent audit, it is left to the discretion of the Accountant General to decide, with reference to the circumstances of each case, whether the relaxation allowed by the percentages fixed under these rules should or should not be applied Except where it is otherwise expressly stated, the review will be carried out by some member of the superintending staff as determined by local rules

(1) *Pay bills of the Gazetted Officers, including Bills for Sterling Overseas Pay*—In the case of officers subject to the Special Leave Rules, 25 per cent of the bills should be reviewed by the Superintendent and 25 per cent by the Gazetted officer in charge, and in the case of officers subject to the Ordinary Leave Rules, 12½ per cent by the Superintendent and 12½ per cent by the Gazetted Officer

NOTE 1—With the permission of the Auditor General, Assistant Superintendents may be allowed to help Superintendents in the review of gazetted officers bills

NOTE 2—In all cases in which the circumstances are special, as they are in the case of many Government servants under the audit of the Accountant General, Central Revenues, all joining time should be specially checked by the Superintendent or by the Gazetted Officer

(2) *Travelling allowance bills of Gazetted Officers*—Cent per cent

(3) *Pay bills of non gazetted officers which are treated in audit in the same way as pay bills of gazetted officers*—Twenty five per cent, special percentages should be fixed by the Accountant General in the case of complicated bills, *e g*, those of Sub Assistant Surgeons

(4) *Establishment pay bills*—Fifty per cent of bills with leave statements or increment certificates attached and 10 per cent of others

(5) *Establishment travelling allowance bills*—Ten per cent

(6) *Abstract and Contract contingent bills*—Ten per cent

(7) *Fully vouched and detailed contingent bills*—Fifty per cent should be reviewed, and in addition every bill between Rs 1 000 and Rs 3 000 should be reviewed by a Superintendent

(8) *Scholarships and grants in-aid*—Ten per cent

(9) (*a*) *Pension payments and deposit repayments*—Eight per cent, but every gratuity bill should be reviewed by the Gazetted Officer in charge

(*b*) *Refunds of revenue, refunds of fines, discounts on stamps and interest payments*—Ten per cent

(10) *Miscellaneous payments.*—To this class belong share of fees realised by Government paid to certain of its servants and other peculiar and exceptional payments. In these cases the extent to which the review is necessary is left to the Accountant General to decide with reference to the circumstances of each case.

1. See items 9 to 13 of the table under Article 135.

(11) *Cash accounts, Lists of payments, Schedules, Plus and Minus memoranda, Deposit registers, Bill registers, etc.*—These should be examined in full.

(12) All bills and vouchers for more than Rs. 3,000, other than Abstract Contingent bills, Advance bills, Public Works Department bills, Remittance Transfer Receipts and Supply bills and Deposit vouchers, should be reviewed by a Gazetted Officer, unless they relate to regular monthly payments such as pay bills.

(13) *Remittance Transfer Receipts and Supply Bills.*—Ten per cent.

211. The Accountant General should increase the limits prescribed in the preceding Article, in individual cases, when necessary, either on account of the inexperience or untrustworthiness of the auditor or the habitual slackness of the accounts of any district, or for any other reason. The Accountant General may delegate this power to the Gazetted Officers in charge of sections subject to the general control of the Deputy Accountant General.

In arranging for the percentage review it will not ordinarily be necessary to count the bills of each kind received with each List of payments, but registers may be marked off as each representing a certain percentage of the whole, and all the bills in certain of the registers should be reviewed each month ; only in the case of bills which are not entered in an audit register would an actual count be necessary. The method of selecting the registers or bills for review is left to the discretion of the Accountant General, but care should be taken to ensure, as far as possible, that the auditor shall not know what bills are likely to be left unreviewed. A record of the bills and registers actually reviewed may, at the discretion of the Accountant General, be kept up in such form as may be considered convenient.

The result of reviews by the superintending staff should be reported to the Deputy Accountant General through the Gazetted Officer concerned, but only important errors and serious omissions and irregularities should be brought to notice. The report should be recorded in a separate book for each district, and should be finally passed by the Deputy Accountant General unless he considers it necessary to bring any point to the notice of the Accountant General.

212. The Gazetted Officer in charge of a section should scrutinise carefully every objection whether entered in an objection statement or half-margin before he passes it, cancelling or submitting for orders any to which in his opinion the provisions of Articles 156 and 157 could suitably be applied. In the case of bills of the Gazetted Audit section, if the objection is not perfectly clear and intelligible, or if the Gazetted

Officer has any doubt as to the accuracy of the objection or the desirability of its issue, he should return that objection unsigned for submission with the relevant bills and audit register, so that he may assure himself of the validity of the objection before he allows it to issue In the case of other bills the scrutiny should in the main consist in seeing whether the objection is a reasonable one and whether it is worded in intelligible and unexceptionable language , it is not intended that the Gazetted Officer should check the facts by a comparison of the vouchers except in those cases in which he has reason to think that the facts implied by the objection are not correct, or in which the objection itself is not intelligible without the vouchers It should be borne in mind that unnecessary, meticulous or badly expressed objections not only bring discredit on audit and give rise to reasonable irritation but also cause an increase of work both in the audit and the executive offices Objections raised on half margins or audit memoranda should not be treated as routine correspondence which may be issued by Superintendents under Article 79 (*b*) No such objection should issue over the signature of a non gazetted officer unless the case is clearly met by one of the printed and numbered standard objections , if any manuscript addition of any kind has to be made in the printed form it should be signed by the Gazetted Officer in charge The more important objections which are likely to lead eventually to a reference to the Head of a Department or superior administrative authority should not ordinarily be issued without the approval of the Deputy Accountant General

NOTE—In scrutinising objections it should be borne in mind that the discretion vested in Audit Officers by Article 156 should be freely exercised

Account Procedure

213 The district auditor when he has completed the audit of vouchers of a list of payments with which he himself deals should recover from the sections concerned all the bills and vouchers which were made over to them other than those relat...

No 81.

Page 103, Article 213—

Insert the following as Note 2 below this Article, numbering the existing Note as Note 1 —

NOTE 2—The Accountant General may at his discretion authorise that the bills and vouchers other than those relating to the departmental schedules made over to other sections for audit need not be recovered from them and may be filed in those sec

No 82.

Page 103, Article 213 A—

(i) *Add* the words "for the audit of which he is responsible" after the word " documents" in line 2 of this Article

(ii) *Insert* the following as "Rule 1" *re numbering* the existing Rule 1 as Rule 2 —

1 For the purpose of this Article it will be sufficient if the classification entered on the vouchers which the Superintendent and the Gazetted Officer check as part of their concurrent review is checked by them as part of this review

[Audit Code Vol I 1st Edn (2nd Rep) No 82 dated the 1st June 1936]

J. (a) Receipts and payments shown against a particular department in the cash accounts and lists of payments will be taken in the first instance to the local ledger head "Departmental Adjusting Account" under the Central Ledger head "Suspense Accounts" in section "P—Deposits and Advances". Under this local ledger head, a separate detailed head for receipts and another for payments will be provided for each department and for each major head not relating to a particular department. For this purpose all central transactions under the audit of a provincial Accountant General, except transactions relating to Public Works and Pensions, may be treated as relating to a single department.

NOTE.—In the case of small departments or major heads under which the transactions are few, two or more such departments or major heads may, at the discretion of the Accountant General, be treated as relating to a single department.

(b) The credits and debits which are posted under the above suspense heads in the Detail Book will be cleared by *deduct* entries under the same heads in the Departmental Abstracts where the transactions are finally brought to account. (See Articles 467 and 469).

213-B. The procedure for the compilation of the departmental transactions, from the treasury schedules and the Exchange Accounts, into the departmental abstracts is described in Chapter 21.

213-C. *Filing of vouchers.*—The rules in Article 474 apply *mutatis mutandis,* to the filing of vouchers which are at this stage, in a position to be filed.

Post Review by Gazetted Officers.

214. The Accountant General or his Deputy should keep a register in form 5-B of the treasury and departmental accounts with 24 monthly columns, and should, in every month, as soon as the accounts are posted and audit completed, enter against each selected unit or units the name or designation of the gazetted officer by whom the review of the month's account is to be made, in such a way as to ensure that the Accounts of every treasury or department are reviewed by a gazetted officer not less than once in two years. The reviewing officer should call for all the documents relating to the particular unit or units allotted to him and subject them to a careful test-audit. The scale fixed for the check by the reviewing officer of each class of bills should be the same as that fixed for check by the Superintendent, and half of his review work should be devoted to a re-check of the review which has already been done by the superintending staff. The pension vouchers of each treasury are audited only twice in a year and the post review should be so arranged that a few audited vouchers come under review. He should take up the vouchers, check them with the entries in the schedules and re-audit them, should see whether the schedules have been properly dealt with by the auditors (Article 205), should subject the Cash account to audit as may be possible (*e.g.*, the fine statements, discounts on stamps, and division of opium receipts), should look into the Deposit and Bill registers, and should check the *Plus* and *Minus* memoranda with the accounts. Having thus generally reviewed the accounts, he will have the vouchers selected for review put up in the audit registers, see that they have been properly audited and due objections taken, and initial bills and registers. The most important part of the Gazetted Officer's review should be the audit of the establishment, travelling allowance and contingent bills, so as to

see that no charges have been improperly passed He should examine the registers to ascertain that they are properly kept in accordance with rule, and that a sufficient check exists over both fixed and variable charges He should see in particular that sanctions having a limited currency are noted in such a way as to secure that expenditure incurred against them will not be admitted in audit beyond the period of currency Finally he will submit through the Deputy Accountant General a report of his audit to the Accountant General in a form to be prescribed by that officer The report should be made in a bound book and should show only important errors and irregularities

N B 1—The review prescribed in this article should be carried out as far as possible by senior officers of the Department, and should not be entrusted to very junior officers It should in no case be entrusted to probationers, unless for purposes of training in which case the account reviewed should not be included in the prescribed number

NOTE 1—Any portion of the check which is exercised by a Gazetted Officer in the course of his ordinary duties need not again be exercised by him or by any other officer in the course of his review Detailed orders on this point should be inserted in the Office Manual

NOTE 2—If necessary, the Accountant General may select a Senior Accountant who is not in charge of a section of the Treasury Audit Department and may regard him as a Gazetted Officer for purposes of the review prescribed in this Article

NOTE 3—Local arrangements should be made for the review of charges of establishments drawn against a lump provincial grant

NOTE 4—Detailed contingent bills are of more importance than abstract bills and require the more attention The review must be of detailed bills received during the month the accounts of which are being checked and it is more important to see that no charges are improperly passed than to see that they are properly recorded when passed It is not as a rule necessary to total the items or examine the sub vouchers except in the case of important bills The reviewing officer should be careful to see that special and periodical charges are dealt with in the manner prescribed in Chapter 12 (see Articles 313 and 319)

NOTE 5—The reviewing officer should also see that the vouchers reviewed have been correctly posted in the Classified Abstracts

215 When conducting this review, the reviewing officer should also bear in mind the requirements of higher Audit as enunciated in Articles 149 *et seq*

216 A period should be fixed by the Accountant General for the completion of a Gazetted Officer's review and its submission to him and any failure to complete a review within this period will constitute an arrear which should be treated as prescribed in Article 98 A

Chapter 9.—Gazetted Officers' Audit.

Objects to be attained.

217. In the case of the pay bill of an effective gazetted officer, the duty of the Audit office, beyond testing the formal completeness of a voucher, is—

(*a*) to see that he is entitled to the pay, *i.e.*, that it is claimed and is admissible in respect of a post to which he has been duly appointed, and of which he is actually in charge ;

1. No claim can be admitted for service in a post not duly sanctioned, or for pay not assigned or provided for the post held by the gazetted officer.

(*b*) to record the payment as a check on a second claim and as a guide in calculating the leave-salary admissible in case of future leave ;

(*c*) to record the period of duty, suspension or leave as a check on future claims to leave and pension ;

(*d*) in some cases, to record the employment in a scale register, as a check on appointments in excess of the sanctioned scale.

218. In the case of a gazetted officer on leave, it is necessary to see that leave has been granted, that it has not been exceeded, and that the leave-salary claimed is covered by the rules proper to the case.

List of Registers

219 For the purposes set forth in Article 217, the following records are provided —

For (*a*) and (*b*), the Audit Registers (Article 221)

[1]For (*c*), the History of Services (Article 267) and the Leave Account (Article 274)

For (*d*), the Scale Audit Register (Article 275)

Disallowances

220 The consideration whether the pay drawn is *admissible* involves disallowances of improper claims and watching the recovery of money improperly drawn The procedure in raising communicating and adjusting retrenchments is laid down in Chapter 40 See also Article 158

Audit Register

Form and Sub divisions of Register

221 (*a*) The Audit Register is intended to be a record for six years Two alternative forms are prescribed—Forms 6 and 7 The former, which provides space on each folio for three years' entries and thus requires the reservation of two folios for each gazetted officer, is suitable for services, *e g*, those not on a time scale of pay, whose emoluments are liable to be changed very frequently The latter, which requires a single folio for six years' entries relating to one gazetted officer and provides space on each folio for fifteen changes of emoluments, is more suitable for services wherein the changes are not very frequent The Accountant General will decide which of the two forms should be used in respect of any particular service

(*b*) The account of each gazetted officer in the register should be assigned a number and, if the register is maintained in Form 6, the *audit number* thus assigned should be entered on both the folios reserved for him

1 At Calcutta, Bombay, etc., where many gazetted officers of other provinces draw pay once only or while on leave in India, a second register may be provided in Form 8 In this register payments of pay and leave salaries and also advances referred to in Article 245 are entered chronologically without distinction, but an alphabetical index of names may be added if thought convenient

222 One or more volumes of the Audit Register should be set apart for the officers of each department one set of volumes being maintained for officers of the Medical department one for officers of the Education department and so on As an exception to this rule it will be convenient to bring together in separate volumes the names of all officers of a service, such as the Indian Civil Service the members of which are liable to frequent transfers from one department to another

NOTE—In the case of small departments containing a few Gazetted Officers (say not more than 10 in each department) a single register may be maintained to record the names of officers of all such departments a suitable number of blank pages being left between each initial letter and department for the record of future entries

1. In some cases, as for instance when a Local Fund post paid for by fixed allowances is held as a collateral charge by a gazetted officer, it may be convenient for purposes of audit that the posts, and not the names of the officers, should be the heads of the Audit Register. Tht names of successive incumbents with dates may be entered in the space for orders.

223. The names should be entered alphabetically, that is, either each register will proceed from A to Z for all names of the class for which it is set apart, or, if classification is not adopted, each volume will take up a certain part of the alphabet. Some blank sheets should be left after each initial letter for future entries during the currency of the register.

Opening of Register.

224. New registers should be prepared shortly before the old registers are filled up ; the current registers should be taken up by a person of some intelligence, the names to be omitted should be struck through with a coloured pencil, and the remaining names re-numbered according to the corrected alphabetical order. At foot of the page containing the last name of one initial letter should be noted the number of leaves to be left blank after it for future entries.

225. All orders still in force, any unexpired leave, any transfer ordered but not carried out, must be brought forward in the new register, and should, therefore, be marked for the copyist's guidance by the person correcting the register.

NOTE.—To ensure and facilitate efficient audit, the procedure prescribed above should be adopted in respect of those orders also which sanction grants renewable at intervals of a fixed number of years, such as the periodical grants made to Police Officers for Uniform and Saddlery.

226. The auditor, when he passes the last month's bill, must mark any outstanding objection and see it brought forward in the new register.

227. When the new register has been prepared by the copyist, it should be laid with the old one before a Gazetted Officer who should see that the necessary particulars have been correctly transferred and set his initials against the total charge in the first money column as authority for, and a guide to, the auditing clerk. In the column for "Monthly emoluments and deductions," blank lines should be utilised for charges and deductions for which there is no printed entry in the form.

New Names.

228. It will be remembered that no pay can be passed to a gazetted officer who has not drawn pay for the last month, unless either he is newly appointed to the service of Government (in which case his name will be entered and a slip issued as provided in Article 230), or he produces a last-pay certificate signed or countersigned by the authorities at the India Office or in the High Commissioner's office, or a leave salary or last-pay certificate signed by the Accountant General of another province. Care must be taken, therefore, in entering new names, or re-introducing old ones, that no pay is passed unless supported by such a certificate, except in the case of an officer newly appointed in India to Government service, when a health certificate is required (Rule 10 of the Fundamental Rules).

229 When a gazetted Government servant takes a last pay certificate or a leave salary certificate out of India, " nil " money column should be opened and signed, and the fact and the date of the grant of such a certificate, should be noted in the blank space on the right hand page This will prevent pay being passed to him until a fresh money column is opened for him in the register When a Government servant takes a leave salary certificate for leave in India and draws his leave salary outside his own audit circle the same procedure should be followed in the Audit office which audits the pay of the Government servant if the leave salary is adjustable finally on the books of the Audit Officer in whose circle the payment is made If, however, the payment of the leave salary in India has eventually to be passed on for adjustment to the original audit circle of the Government servant a money column having at the top the name of the province of payment entered in red ink should be opened in the Audit Register of the Audit Office to whose audit the officer belongs for noting the payments of leave salaries passed on to it for adjustment

229 A A nil money column should also be opened in pencil whenever the nature of the post held by a Gazetted Officer is known to be such that a careful watch has to be kept on the salary disbursed , as, for example when an officer is appointed to officiate for another during the period of the latter's leave If the period is extended the date in the money column should be changed In the case of sanctions to temporary appointments of Gazetted Officers as an additional precaution the word " stop " should be written in pencil in the payment cage of the month in which the sanction expires A new column should be opened in pencil for reduced pay and allowances as well as for nil amounts

Alterations of Pay, etc

230 On receipt of each Gazette the Superintendent will circulate it to the auditors who will pick out the items concerning them The auditors will post these items in their registers and obtain the attestation of the Gazetted Officer to these entries At the time of attesting the entries the Gazetted Officer will tick off or initial the corresponding notifications in the Gazette in token of his having attested the registers The Superintendent of the Section will review the Gazette carefully to see if any items have been omitted to be entered in the registers and obtain the orders of the Gazetted Officer before filing the Gazette This work should be regarded as urgent

When Government orders sanctioning alterations of pay leave, transfers etc , are issued in advance of the notifications in the Gazette, they should be handled in the same manner as the notifications themselves The entries in the register should however be compared with the Gazette notifications when the latter are received and the auditor should certify against the notifications concerned that he has made the necessary comparison

After the entries have been attested by the Gazetted Officer and new money columns if any, initialled by him, a pay slip (Form 8 A) will be issued to the officer whose emoluments are changed The pay slip form

may be used for fixed pay posts as well as for those on a time-scale rate of pay, and it has been so worded that it may remain in force for a considerable time.

1. *The number and date of the slip should be entered in the space provided for the purpose in the Audit Register.*

2. *In cases where the change in the money column does not necessitate the issue of a pay slip, the auditor who prepares and the Assistant Superintendent (or Superintendent) who examines the money column should put their initials in the space for "Advice Slip" below the cage of the money column.*

3. *An order appoints A B to act as Judge during the absence of C D: a single mark only is wanted, as the order affects only A B. But if the same order grants leave to C D and appoints A B to act for him, it has to be noted against both, and so two marks are necessary. In the case of any but a grade promotion, it should not be necessary in the note against A B to make any mention of C D whom he succeeds.*

4. *When an officer is appointed to a post for a limited time, the limitation should be stated in the note of the order; it can never be necessary to note that an officer is to act "till further orders", as a later order always cancels an earlier one.*

5. *After the close of each year, red-ink lines should be drawn across the spaces provided for note of orders, objections, transfers and remarks, to distinguish them from those affecting payments of subsequent years.*

231. *Deleted.*

232. *A fresh pay slip should be issued—*

(1) whenever any increment is stopped,

(2) whenever an efficiency bar, or any other bar against the grant of a particular increment, is removed, and

(3) whenever there is a change of any kind in emoluments, otherwise than by accrual of an increment in the ordinary course, *e.g.*,

(*a*) when a gazetted officer passes outside or beyond the time-scale, or

(*b*) whenever he passes from one overlapping time-scale to another, or from the time-scale to another, or

(*c*) whenever he proceeds on leave of any kind or returns therefrom, or

(*d*) whenever he is appointed to a temporary post or reverts therefrom,

(4) whenever the stage of the time-scale at which there is a pause is reached.

NOTE 1.—*In the case of time-scales of pay with efficiency bars at certain stages, an audit officer will not authorise any Government servant to draw pay at a rate above the stage at which an efficiency bar is fixed until he has received a declaration from the authority empowered to make the promotion that it has satisfied itself that the Government servant in question is fit to pass the efficiency bar.*

NOTE 2.—*When an officer is appointed for a limited period to another post, but the exact dates of taking charge and of reversion are not known, the pay-slip should show two rates of pay, the one commencing from the date of taking charge and the other from the date of reversion. If, however, the exact dates are known, they should be entered in the pay-slip.*

232-A. In the case of Gazetted Officers who are occupying or who generally occupy Government residences, the pay slips should be made out in triplicate, preferably by carbon, and one copy should be sent to the Divisional officer concerned to enable him to revise the assessment of rent where necessary.

233. If the rates of deduction alter for any reason, or if a gazetted officer reverts without a new order to his former scale of pay, a new money column should be filled up and initialled, but no slip notice need be issued. The date above the money column should be filled in at once, only if the changed rate *necessarily* takes effect from the date of the orders ; if it involved any previous transfer of charge, receipt of certificate of taking charge should first be awaited.

1 If one item of deduction vary without alteration of emoluments or other deductions, correction may be made in red ink without transfer of all the particulars to another money column, the date from which the corrected amount is payable being noted against it.

2 Changes in the rates of subscription payable by members of the Indian Civil Service and Military Officers under the Family Pension Regulations of their respective services, and by subscribers to the Superior Services (India) Family Pension Fund, should be communicated to the Treasury Officer concerned—See the "Note" under Article 43 of the Civil Account Code, Volume I

234 If the Gazette order notify a temporary grade promotion for a term already expired, a new money column need not be opened unless it be thought necessary. If it is not opened, the pay and allowances claimable should be named in the pay slip, and neatly entered in detail in the space for note of peculiar payments, etc, in the middle of the right-hand page of the register, with a guide letter, which may be set also (1) in the money column temporarily affected by the order, (2) against the note of the order, and (3) in the cages provided for the months for which pay and allowances may be drawn , on payment, the date of the voucher will be noted in the cages against the letter.

Leave and Transfer

235 On receipt of sanction to leave, either through a notification in the Gazette or Government order issued in advance of the notification, a comparison will be made of the leave sanctioned with that shewn in the office copy of the leave report. The auditor will certify against the notification in the Gazette or on the Government order, as the case may be, in token of his having made the necessary comparison. The particulars of leave and transfer in the audit register will in part be filled up from the Gazette ; the first two columns in every case, then the first two under "Leave" or the column under "Appointment" In the column "Rule under which leave is granted, and kind of leave" the nature of the leave taken should be denoted by appropriate letters, followed by the quotation of the rule under which the leave is granted ; the period of absence can only be filled in after return. The date of taking or resigning charge can only be entered from the report of transfer, and a vacancy in these

columns will always give warning that some further information is required and must be called for. The column "Number and date of reference" is for the record of letters addressed to the gazetted officer regarding joining time, objections, etc.

236. In the case of periods of leave succeeding each other, the day which reckons as the first day of each will appear in the column headed "Begins" and that which reckons as the last of each in the column headed "Ends": the column "period of absence" then filled up will show whether or not the period granted has been overstayed.

237. In the case of transfer, the joining time "Admissible" and that "Taken" should be filled in when the certificate of taking over charge is received with a view to checking whether, and by how much, the proper joining time has been exceeded. In cases, however, where the transfer is from one station to another and the time taken in joining is less than the minimum admissible, the column "Joining time admissible" need not be filled in.

Charge Certificates.

238. Certificates of giving over and taking charge, or of going on and returning from leave, should be noted in the Audit Register immediately on receipt, and after the entries have been checked by the Gazetted Officer, they should be given to the poster of the History of Services and, when necessary, to the poster of the Register of Permanent Advances. After this they should be pasted in a separate file.

1. In cases in which the transfer of charge takes one or more days, a suitable note should be made in the column for remarks, and if the time taken is treated as duty, the authority for this should also be noted.

2. In the case of gazetted officers stationed at a Presidency or other town in which the pre-audit system is in force, on a transfer of charge the relieved officer should be required to furnish to the Audit office specimen signatures of the relieving officer. (See Article 479.)

Miscellaneous.

239. If the money columns provided in the registers, or if any of the several spaces provided for note of orders, remarks, objections, etc., be exhausted, then in order to avoid transfer of audit to another folio of the register, a slip of thin but tough paper may be pasted by the upper edge, so as to cover the space which has proved insufficient. This plan is only a makeshift to avoid a transfer: but in some provinces, without some such artifice, transfers might be frequent and confusing, and they must always be troublesome, since all current particulars must be carried to the new folio just as at the opening of a new register (Article 224).

Audit of Pay Bills.

General.

240. Audit will be recorded under the heading "Date of payment of Bills" in the cage of the month *for* which the pay is due and not of the month *in* which it is issued. The name of the treasury from which payment is taken should be entered in red ink above the date of payment, but the entry need not be repeated unless the Treasury is changed

When a payment appears in an Exchange account, the name of the account and the month of adjustment should be similarly noted in red ink If the amount of the bills be the same as was passed for the last month, it is sufficient to note in the register the date of payment, if any further payment be made afterwards under new orders, the new date would also be entered, with a letter guiding the eye to an explanatory note in the space provided therefor in the form and to the note of the order If there be any change in the rate of emoluments as compared with the last month, it will be better to enter the amount as well as the date The amount noted should be the gross amount paid including the amount of fund and income tax deductions and over-payments recovered

1 Suppose that in the first money column the rate of pay is shown as R400, under date 1st June 1921, and the second R450, under date 15th February 1922 If, then, for earlier months R400 (gross) only be drawn, for later ones R450, and for February R425, no note of amount is needed on the right hand page in the cages for July to January, but in February's cage R425 would be entered along with the date, and in March's R450 Thus an entry without specification of amount will always be understood to be for the same amount as that last recorded.

241 After the necessary enfacement of the voucher the audit clerk should lay it with the register before the Superintendent or the Gazetted Officer in charge, who will attest the enfacement and initial the register Particulars of objection, if any, will be posted in the space provided in the audit register, and duly attested by the reviewing officer, and the voucher will be ready for surrender to the poster of the Classified Abstract But if the ground of objection be only non-receipt of a complete certificate of transfer of charge where the transfer involved moving to another station, no note of it need be made under "Particulars of objection", as the absence of a certificate in such a case is shown in the form under the head "Particulars of leave and transfer"

1 When the review of bills is divided between the Superintendent and the Gazetted Officer it should be so arranged that every class of gazetted officers passes under the review of the latter at least once in every quarter If two or more audit registers are used for one class of gazetted officers the arrangements for review made under this rule should ensure that each of the registers will pass under the review of the Gazetted Officer at least once in four and eight months in the case of officers subject to the Special and Ordinary Leave Rules respectively

Indian Audit Department

242 The bills of all Gazetted Officers attached to the office of the Accountant General Central Revenues including the Accountant General himself, and of those attached to the office of the Deputy Accountant General, Central Revenues, Calcutta should be forwarded in original for audit to the Accountant General Posts and Telegraphs The bills of gazetted officers attached to all other audit offices should be sent for audit to the Accountant General, Central Revenues (See Article 67)

1 The report on an officer's title to leave should be made by the audit officer concerned The Accountant General Central Revenues should however, maintain the General Provident Fund and State Railway Provident Fund accounts of all officers of the Indian Audit and Accounts Service and of all substantive and provisionally substantive permanent Assistant Audit Officers and Assistant Accounts Officers attached to Audit offices including his own office

243. *Deleted.*

244. Statements showing the pay and allowances drawn by all Gazetted Officers of the Indian Audit Department on the 31st of May and 30th of November should be forwarded each year in Form 8-B in time to reach the Auditor General by the 7th of June and the 7th of December at the latest. Preliminary statements showing the particulars so far as they can be foreseen should reach the Auditor General by the 15th of May and the 15th of November.

Sterling Overseas Pay.

244-A. Bills for Sterling Overseas Pay are audited in the same manner as rupee pay bills, with reference to the entry in the money column, where the amount should be noted in sterling in red ink against the column for "Overseas Pay". The amount of sterling and|or the date on which the audit is conducted should be recorded in red ink in the column "Date of payment of Bills", below the entry for Rupee pay, in the cage of the month for which the Sterling Overseas Pay is due. After the necessary audit enfacement of the bills has been made, those due for review should be submitted to the Superintendent or the Gazetted Officer in charge together with the Audit Register.

244-B. After the audit and review are completed, the claims should be consolidated in a statement in form 8-C, which should be sent to the High Commissioner by the 20th of the month following that to which they relate.

NOTE.—The statement in respect of officers of the Indian Audit and Accounts Service is sent to the Accountant General, Central Revenues.

244-C. All authorities in respect of new claims and all alterations in the amount of Sterling Overseas Pay, method of payment, incidence of charge, etc., should be communicated separately to the High Commissioner in form 8-D, in duplicate, as they occur. Any reduction or cessation of Sterling Overseas Pay should, however, be communicated immediately by cable.

NOTE 1.—In no case should the monthly statement be used as an original authority for payment or as the channel of communication for alterations, whether in the rate, in the method of payment or in account classification.

NOTE 2.—In the case of a Government servant proceeding on leave out of India, his leave salary certificate will serve as a separate advice.

244-D. In respect of an officer claiming Sterling Overseas Pay for the first time, under clause (*a*) or (*b*) of rule 4 of the Superior Civil Services Rules, no authority for payment should be issued to the High Commissioner for India until the Audit Officer is satisfied of the validity of the claim. A Government servant claiming under clause (*c*) of that rule to draw overseas pay in sterling in England is required to submit to the Audit Officer in India evidence that he has either a wife or a legitimate child resident elsewhere than in Asia. The evidence should be forwarded to the High Commissioner along with the authority for payment, which should be marked "provisional, subject to the satisfaction of the High Commissioner under note (1) to rule 4 of the Superior Civil Services Rules".

244-E The High Commissioner for India, when once authorised to make payment at a certain rate, will continue to pay at that rate until advised to the contrary, and will verify the payments actually made against the amounts reported as due in the monthly statement, any short or excess payment being settled, after correspondence, by subsequent payment or recovery

244 F Sterling Overseas Pay paid in England is charged finally in the Central or Provincial section of the Home Accounts The High Commissioner will take notice of any changes in the classification reported by the Audit Officers in India and will make the necessary readjustments in his books

Advances to Gazetted Officers

Advances in India

245 Pay and allowances advanced under proper sanction to gazetted officers come under audit in the same way as payments on account of pay made on due date, and should be entered accordingly in the Audit Register An advance made on transfer or at the port of arrival to enable an officer to join his post should be debited to Advances Recoverable, unless the officer is proceeding to another circle of audit, in which case it should be reported through the last pay certificate to the auditing officer and debited to him in Account Current On receipt of intimation of the advance through the last pay certificate, the auditing officer will make a transfer entry in his account for the month in which the advance is made, debiting the amount to "Advances Recoverable" by credit to "Account Current", and will note the advance in the Audit Register and enter it in the column "Advances Recoverable" in the Objection Book The transfer entry should be communicated at once to the Account Current Section

1 On the death of a Military officer, a demand against his estate in respect of an advance of pay obtained under rule when proceeding on leave is remitted, but not any other allowance or demand

246 Advances for house building and advances for purchase of conveyances should be recorded in the Audit Register, and in the event of an officer being transferred to another province or department, a debit should be raised in the Exchange Account for the unrecovered balance, full conditions and particulars of the advance being stated in both the last-pay certificate and the exchange account

NOTE—The amount of the advance to be recovered monthly should be fixed in whole rupees except in the case of the last instalment when the remaining balance including any fraction of a rupee should be recovered

247 When an advance is made under Article 59, Civil Account Code, Volume I, it will either be taken against Advances Recoverable, or, if the pay of the gazetted officer taking the advance is under the audit of another Audit Officer, it will be debited to such other officer in Account Current If necessary, warning may be sent to the Treasury Officer who generally issues pay

Advances in England.

248. The last-pay certificate or Colonial leave salary warrant brought by a Government servant returning from leave out of India shows the date up to which leave salary was issued to him. The sterling amount of any portion of the leave salary issued out of India which falls due after disembarkation in India should be adjusted at the rate of 1*s*. 6*d*. the rupee.

249. Other advances made in England under Article 159 (*b*), Civil Account Code, Volume I, to enable Government servants to return to duty in India, or those appointed in England proceeding to India to join their posts, are also shown in the last-pay certificate brought by them.

NOTE.—When a Government servant on arrival in India on first appointment asks for an advance and produces no last-pay certificate an advance may be granted by the Accounts Officer concerned if the Government servant furnishes a declaration that he has not received any advance from the India Office.

250. All advances paid in England, except ordinary advances of leave-salary to the end of leave subject to the maximum limit of 35 days beyond the date of embarkation, are passed on to India through the Remittance Account for adjustment. The debits on account of these advances should be adjusted and their recoveries watched in the same manner as similar payments made in India. The sterling amounts should be converted into Indian Currency at the rate of 1*s*. 6*d*. the rupee.

251. *Deleted.*

252. If an officer, against whom an advance made out of India is outstanding, returns to England or proceeds to a Colony or Dominion in account with the India Office or the High Commissioner, on leave or retirement, the outstanding balance should be reported on the last pay or pension certificate as a demand for recovery. Such report is, however, not necessary in cases where recovery of the outstanding amount has been waived by competent authority while the officer is being paid in India.

253. The whole or any portion of the pay due to a deceased Government servant at the time of his death may be withheld in or towards liquidation of any unadjusted advance of pay made to him in England.

No demand for repayment of an unadjusted advance of pay made in England (except where security has been required) should be made against the estate of a deceased Government servant ; but in exceptional circumstances (*e.g.*, when a deceased Government servant leaves no kin entitled to share in his estate, which therefore devolves on the Crown as *bona vacantia*) an unadjusted portion of such an advance may, under the special orders of the Secretary of State or the Government of India or the Local Government concerned, be recovered from the estate of the deceased person.

Rent Recoveries.

254. If a Government servant occupies, as a residence, a public building, whether residential or not, or a building hired by Government, or a portion of any such building, the rent as specified by the Public

Works Divisional Officer concerned in the "Statement of Rents recoverable from Pay Bills", P W A Form No 48, is recoverable from the tenant without prior reference to him The amount recovered should be credited to the head of account indicated in the statements

1 This rule applies also to additional rent recoverable for furniture or for electric, water supply heating and sanitary installations in buildings occupied as residences It also applies to amounts recoverable from a Government servant on account of the value of furniture or other Government property for the loss of which or damage to which he may be found responsible and to any other dues for which a Government servant may be liable to Government in respect of the residence allotted to him.

Supply of Furniture in Residences of Heads of Local Governments and High Officials

No 47

Page 117, Article 255 (a)—

Insert the following after the words dated the 16th November 1909" in line 5 of this Article —

"and further amended by Foreign and Political Department Memorandum No F 23 A/35, dated the 6th September 1935, circulated with the Finance Department No D 4128 Ex II/35 dated the 12th September 1935"

[Audit Code Vol I 1st Edn (2nd Rep) No 47 dated the 1st Nov 1935]

(b) The functions of aud[illegible]

of the furniture are to see—

(1) that each annual or periodical grant is not exceeded

(2) that proper inventories are maintained

(3) that the articles in stock agree with the inventories, and

(4) that sale proceeds are properly accounted for

For (2) and (3) see detailed rules in Article 917 *et seq*

NOTE—The Government of India in Industries and Labour Department (P W Branch) letter No B 52—44 dated the 31st May 1927 have decided that the furniture in (1) Viceregal residences (2) Snowdon and (3) residences of Members of the Governor General's Executive Council in Simla will be subjected to check by the Audit Department under clause (b)

256 Supplies of furniture to residences of Heads of provincial Governments are governed by the special rules prescribed by the Secretary of State in Council No rent is usually charged and the functions of audit are the same as prescribed in Article 255 (b) Unless there be something to the contrary in the rules it would be permissible for the local Government, subject always to the monetary limits prescribed, to determine the sanctioned scale of articles and the maximum capital value, for the stock in each residence, and also the extent to which purchases from the annual maintenance grant or from the inauguration grant, should be entered in the stock list

1 The rates prescribed for recovery of rents for electrical installations in the several Government Houses are given in the audit manuals of local Audit offices

257 In Foreign Department Resolution No 3274 Est B dated 21st October 1910 the following rules were laid down for the supply of furniture for the residences of Political Officers serving in Indian States irrespective of whether the residences are the properties of Government

or a Durbar, provided they had previously been partially or wholly furnished :—

(1) Linen, crockery (other than that of a toilet service), cutlery, cooking utensils, lamps, pianos and their accessories, pillows, cushions, glass-ware, and perishable cane furniture will not be provided at the expense of Government.

(2) The entertainment of any special establishment for the custody of furniture will not be sanctioned.

(3) The purchase of second hand furniture, except furniture belonging to the Durbar concerned, will not be allowed. In view, however, of the difficulties which would, in some cases, attend the disposal by owners locally of articles of furniture at present existing, the Government of India are prepared to make an exception in favour of such articles, if suitable ; but this concession will not apply to articles of the kind described under (1)

(4) The supply, renewals, and maintenance of furniture shall be left in the hands of the Political Officers concerned, the cost being debited to the head "29.—Political".

(5) When the furniture is supplied by Government, an annual grant shall be given for its maintenance and renewal, which shall be calculated at 8 per cent on the total capital cost of the furniture sanctioned by Government, provided that the cost of all repairs and renewals shall be met from it and that no special grant is made on a change of incumbents.

(6) The grant in question shall be spent at the discretion of the Political Officers and the unspent bal[illegible]

No. 118.

Page 118, Article 257—

Substitute the following for clause (6) of this Article :—

"(6) that the grant in question shall be spent at the discretion of the Political Officer and any unspent balance shall be available for utilisation in a subsequent year subject to the necessary provision of funds."

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 118, dated the 1st September

258. All Government servants in political employ serving in Indian States, with the exceptions of those noted in the margin, who occupy houses owned or leased by Government, are required to pay the standard rent subject to a maximum of 5 per cent. of pay and allowances (other than sumptuary allowance) where furniture is not supplied, or where no assistance is given by Government to the maintenance of the grounds, and to a maximum of 10 per cent. if the house is furnished by Government and the garden attached thereto is maintained at Government expense. The assessed

(*a*) Agents to the Governor General and Residents of the 1st class.

(*b*) Officers serving in Burma.

(*c*) The Assistants to the Agent to the Governor General in Rajputana in respect of the houses occupied by them at Mount Abu.

No. 70.

Pages 118 119, Article 258—

Insert the following as a Note under this Article —

NOTE.—The provisions of this Article do not apply to Government servants in political employ in Indian States who entered the Political Department after the 20th September 1935 Such Government servants with the exception of those mentioned in the margin of this Article are required to pay rent as follows —

(i) house rent as under Fundamental Rules 45 A, limited to 10 per cent of emoluments,

(ii) rent for furniture as under Fundamental Rules 45 A, limited to a maximum of 2 per cent of emoluments, and

(iii) rent for gardens maintained by Government as under Fundamental Rules 45 A but limited to 1½ per cent of emoluments

[Audit Code, Vol I, 1st Edn (2nd Rep), No 70, dated the 1st June 1936]

[illegible] Services The certificate and receipt forms to be used in this connection will also be the same as those prescribed for officers of the Superior Civil Services, except that references to Office Memorandum from the Government of India, Home Department mentioned above will be substituted for those to the Superior Civil Services Rules wherever a reference to the latter rules is made in the *forms* In the case of such Government servants on foreign service, a contribution at the rate of Rs 30 per mensem will be recovered from the foreign employer to meet the cost of passages The *contribution* is payable throughout the Government servant's service under the foreign employer *i e*, whether he is on duty or on leave It is not however, payable in the case of those Government servants in whose case it has been agreed between *Government* and the foreign employer that the Government servant shall receive passage benefits from the foreign employer in respect of the period of his foreign *service* In respect of Government servants transferred from a Civil department to the Military department or from a Commercial *to* a non Commercial department or *vice versa*, or from the Central to a Provincial Government, adjustments will be made on the basis of the above rate of contribution and the procedure adopted for the purpose will be the same *mutatis mutandis* as laid down in Rule 22 of the Rules in Appendix 15

Adjustment of Objections

259 The audit clerk is responsible for watching the [illegible] objections raised on vouchers passed by him and the [illegible] when passing a new bill should see what objections are [illegible] Ordinarily recoveries will be made by short payment [illegible] record of such recovery should be made under "Parti[illegible] before the voucher is laid before the reviewing officer

260 When any officer gives notice that he is ab[illegible] to retire or when he is approaching the pre[illegible] after which retirement is compulsory and also [illegible] of the news of any officer's death, all [illegible] promptly ascertained and adjusted Th[illegible] of officers proceeding out of India (*vide* [illegible]

Recoveries in England.

261. In the case of any Government servant who has proceeded on leave out of India and to whom overpayments may have been made, claims for repayment should not, as a rule, be enforced until he returns to duty in India and is again in receipt of Indian pay and allowances. When, however, it becomes necessary to ask the High Commissioner for India to make any such recoveries, all necessary documents, together with the replies of the absentee Government servant to any objections that may have been raised, should be furnished in duplicate for the orders of the Government of India or the local Government, as the case may be, and for transmission, if necessary, to the High Commissioner for India, who will take the orders of the Secretary of State should this be necessary in any case.

1. *Sums less than Rs. 10 should in no case be advised for recovery.*

Recruitment to Posts and Services.

262. (1) Audit officers are not required to watch the observance of provisions of the following nature relating to recruitment or appointment to posts or services, as these are the concern of the administrative authorities, who should take the necessary steps in the matter :—

(*a*) Rules relating to the representation of communities, sects creeds or races or of persons of a particular domicile or birth ;

(*b*) Rules relating to the proportion to be observed in recruitment to services between personnel promoted from subordinate ranks and that recruited direct, or between personnel recruited in India and England respectively ; or

(*c*) Rules relating to educational or other qualifications.

(2) When, however, an audit officer is of opinion that in accordance with any rule or order a post is reserved for members of a particular service and an outsider is appointed he will call for the sanction of the authority which is competent to remove the reservation. The fact that the pay of a post has been fixed on the assumption that it will be held by a member of a particular service tends to show that it was intended to reserve the post for that service but by itself is not conclusive evidence.

NOTE.—*This check need not be applied in case of non-gazetted Government servants.*

Leave Procedure.

263. The instructions issued by the Auditor General, under Rule 74 of the Fundamental Rules, in connection with leave procedure and maintenance of record of service are reproduced in Appendix 10.

Last-pay and Leave-Salary Certificates.

264. Of all last-pay certificates, and leave-salary certificates for the drawal of leave salary out of India, drawn up in an office, registers should be kept in forms similar to Form 9 and Forms 10 and 10-A respectively.

In the case of leave salary certificates for the drawal of leave-salary in India, the counterfoil of the F R Form No 2 B will serve the purpose of the register

265 In leave salary or last-pay certificates granted to Government servants proceeding on leave out of India or retiring from the service, no entries may be made on account of Indian pay and allowances due to them All pay, allowances, leave salary and pensions accruing to a Government servant while in India should be paid in India, unless special exceptions have been authorised by a statutory rule, or, in the absence of a statutory rule, by the general or special orders of the Government concerned

No-demand Certificates for Military Officers in Civil employ.

266 Besides the ordinary last-pay certificate, Military Officers in Civil employ, when about to retire from active service, are required by the Military Department to produce a no demand certificate from the Civil Audit Officer under whose audit they are

History of Services

267 Subject to the exceptions noted below, a record of the services of gazetted officers is maintained by the Audit Officer who audits their pay This record, known as the History of Services of Gazetted Officers, is compiled in Form 11, is issued in print on the 1st of August annually or biennially as may be decided by the Local Government and contains information down to the 1st July preceding The publications should be styled " Histories of Services of Gazetted and other Officers " Copies of this publication will be furnished according to the local orders in force, care being taken that the copies for the Secretary of State and the High Commissioner reach them by the 25th August

EXCEPTION—The particulars of officers of the Central (Civil) Department serving in the provinces other than those mentioned below, should be incorporated in the History of Services of officers of the appropriate Administrative Department of the Government of India compiled by the Accountant General, Central Revenues For this purpose, the Provincial Accountants General should furnish that officer with an annual consolidated statement of services, bearing a certificate of correctness.

1 Income Tax Department (except Commissioners of Income Tax)

2 Opium Department

3 Salt Department (except officers of the Northern India Salt Revenue Department)

4 Customs Department (except officers of the Imperial Customs Service)

NOTE 1—The History of Services is intended to exhibit the record of service of only those Government servants who enjoy full gazetted status. The following are the only cases in which the exhibition in the History of Services of the record of service of non gazetted Government servants is permitted —

Burma—Myooks (including Myooks of the Co-operative Branch), Deputy Myooks, Subordinate Judges and Inspectors of Police whose names appear in Part II of the Burma History of Services, corrected up to the 1st July 1924

Assam.—Non-gazetted officers in Classes II-B and II-A of the Assam Subordinate Educational Service who were appointed to Class II-A prior to the 18th July 1926.

Indian Posts and Telegraphs Department.—Head Clerks and Accountants of the Postal Department in the selection grade of Rs. 250—350. Postmasters in the non-gazetted grade of Rs. 250—350 and Probationary Superintendents of Post Offices and Railway Mail Service.

Survey of India Department.—Sub-Assistant Superintendents of the Survey of India Department.

NOTE 2.—When a Chaplain of the Church of Scotland is posted to or relieved from the charge of a regiment, the Army Department sends an intimation to the Accountant General concerned.

268. The history is primarily intended for the record of all facts in the official career of a Government servant which have a bearing on pay, promotion, leave or pension. Officiating promotions involving no change of duties, as in the case of an Assistant Magistrate and Collector appointed to officiate as a joint Magistrate and Collector, should generally be omitted : but in the case of members of services which consist mainly of grades, the duties of which are not separate and distinct, all officiating promotions should be shown.

NOTE 1.—Particulars of war services affecting pay, promotion, leave or pension should be recorded in this publication.

NOTE 2.—In the case of Government servants for whom a record of service is maintained in the Audit office, and to whom the rules promulgated in the Government of India, Finance Department, letter No. 495-C. S. R., dated the 25th April 1923, regarding the grant of passages apply, an entry should be made in the History of Service or Service Register of the individual concerned, on the following occasions :—

(*i*) each time the concession of half the cost of passages is granted to the wife and children of a Government servant under rules VII and VIII of the above rules ;

(*ii*) whenever under Note 3 of the above rules passages are granted at a time other than at the end of an employé's service. The procedure regarding non-gazetted Government servants for whom a record of service is not maintained by the Audit office is laid down in the Note to Article 73, Civil Account Code, Volume I.

269. The illustrative entries in the sample form explain the method of record. Leave of all kinds, absence without leave or in excess of leave or of joining time should be noted across the pages as in the specimen ; and if any period be allowed to count as service or residence which would not ordinarily be allowed by the rules, or if any special privilege or disability affecting pay, pension, or leave attaches to an officer, the fact should be similarly noted with quotation of the Government order. Service in a vacation department and vacations not enjoyed during such service, if any, may also similarly be noted. Officiating appointments, when shown, should be distinguished from substantive appointments. The domicile of all officers, whether Asiatic or non-Asiatic, should be recorded in the heading. Information regarding the officer's mother tongue should be given in the case of an Indian officer.

1. In the case of Military Officers and officers not belonging to the Indian Civil Service, the date of birth should be recorded at the heading. The dates of the birth of officers of the Indian Civil Service may also be recorded if the local Government so direct. In the case of Military Officers in Civil employ, details of service in the Military Department previous to transfer to Civil employ need not be shown, but only the period of the service should be stated together with full details of all leave taken in the Military Department.

2 Entries relating to punitive action taken in regard to a gazetted officer should not be made without special orders of the local Government If an Audit Officer considers that such an entry is indispensably necessary for audit purposes he should refer the question for the orders of the local Government who will decide what form the entry should take

270 Particulars of literary works as well as appointments in Orders, such as C S I and C M G, and other honours and decorations, with the dates on which they were conferred, should be printed in italics at the foot of the page

1 The following information may also be recorded if the local Government so direct —(a) the place of education and academical degree in the case of Europeans and Anglo Indians (b) caste tribe province of domicile at the time of appointment and home of the family, if in India, and academical degree in the case of Indians (c) religions or community in the case of all or particular classes of officers (d) nomination of an officer to be a member of any of the legislative bodies, but no other addition should be made without the orders of the Government concerned There is however no objection to the mention of the receipt of a medal or a clasp for war services Mention in this publication should be made of the receipt by an officer of the "King s Police Medal"

271 An interleaved copy of the last edition of the History should be used to note the subsequent changes and should be sent in original to the press as "copy" for the next edition of the History On receipt of notice of the appointment of a new gazetted officer his name should immediately be entered in its proper place in this interleaved copy So long as a gazetted officer is attached to a province, though he be absent on long leave, or though for a time he has reverted from the rank of a gazetted to that of a ministerial servant by the termination of an acting promotion his name should not be struck out of the History · it should be removed only on death retirement or permanent transfer to another province, or to a Central Department

1 If the details of the service of an officer, including an officer of the Indian Civil Service serving temporarily, or in a tenure post, in a Department of the Central Government are shown in a provincial or central history, they should not be reproduced in the history of that Department, it will be sufficient to give a reference in that history to the provincial or central volume, as the case may be containing the details.

272 When a gazetted officer is transferred to another circle of audit, the Accountant General of the new province should be furnished with a statement in form 11-A showing the pay earned by him during the last twelve complete months (or during the last three years in the case of those who elect to remain under the old leave rules) to supplement the information contained in the last printed History of Services In the case of a Military Officer transferred from the Military to the Civil Department, a statement of his whole service in such detail as is required by Article 269 Rule 1 should be furnished for inclusion in the History of Services

273 When a gazetted officer is transferred to foreign service, a copy of his record of service should be sent by the Audit Officer whose duty it was to keep it to the Audit Officer who will account for the contributions and the latter will return the register (or an extract from it) duly written up to date when the officer is retransferred to British service

Leave Account.

274. Subject to any exceptions specially authorised, a Leave Account in F. R. Form 9 of Auditor General's Leave Procedure Rules (Appendix 10) should be maintained by the Audit Officer for every gazetted officer whose pay is audited by him. A local Government may require a similar account to be maintained for any non-gazetted Government servant whose pay is audited like that of gazetted officers.

NOTE.—The leave accounts of the Archdeacon of Calcutta and the Presidency Senior Chaplain, Church of Scotland, Bengal, are maintained by the Accountant General, Central Revenues. The leave accounts of all other Chaplains, both of the Church of England and the Church of Scotland, including those attached to regiments, are maintained by the Accountant General of the Province in which they serve.

Scale Audit Register.

275. A Scale Audit Register in Form 12 will be maintained in Audit offices for the purpose of seeing that appointments are not made in any grade or class of Government servants in excess of the sanctioned scale and that no post is abolished or held in abeyance, except to the extent authorised, without the orders of the competent authority.

NOTE.—The maintenance of a scale audit register is not necessary in respect of isolated or localised posts which are independent of each other. When the number of posts in a general grade or class of Government servants is very small the maintenance of the scale register may be dispensed with by the Accountant General at his discretion, provided that adequate arrangements are made for a periodical scrutiny to ensure that no post is held in abeyance or abolished except under the orders of the competent authority.

276. The number of sanctioned posts in a grade, class, or other unit of classification is to be entered at the top of the page or pages assigned to it, and the column "Names of incumbents" will be opened by entering in order of seniority the names of the incumbents of permanent posts in the grade on 1st April. Such a number of lines as experience may show to be necessary should be left blank for entry of permanent promotions during the year to which the register refers : such promotions should be entered, and the names of officers permanently leaving the grade should be scored out in red ink.

277. Below the space provided for permanent incumbents should be entered the names of officiating incumbents, beginning with those actually on duty on 1st April.

278. After the end of a month entries should be made in the columns for that month, showing which incumbents were on duty during any portion of the month. Against the names of those present throughout the month the figure 1 should be written in the first column, while against the names of those present for a part of the month only the dates from and to which they were on duty should be entered in the second column as shown in the Form, and in column 3 should be entered numbers beginning with 1, connecting the periods which form parts of the same chain, the same number being repeated against each part of such chain. The highest number in column 3 will thus show the number of posts accounted for by the broken periods. If this number added to the sum of the figures entered in column 1 does not exceed the number of sanctioned posts, it is

clear that the scale has not been exceeded as a whole To ensure that the scale has not been exceeded during any day of the month, it must be seen, while entering the connecting numbers in column 3, that the dates indicating the fractions of the same chain do not overlap each other The dates 1 6, 7 20, and 21-31, indicate that the post was filled for the whole month , 1 6, 5 20, and 21 31, that for the 5th and 6th there were two individuals drawing pay for the same post , and 1 6, 9 20, and 21 31, that the post was vacant for the 7th and 8th

NOTE 1—To facilitate the completion of the account after the end of the month brief notes indicating the changes during the month may be made either at foot of the columns for the month, or in a separate column to be added under each month. But it is left entirely to the option of each Audit office to decide whether notes should be made or not

NOTE 2—These rules do not apply in their entirety to self contained depart ments or services in which officiating appointments are not allowed The Accountant General will modify the rules to suit the requirements of each case

278 A In the case of services in which the graded system has been abolished and which are not covered by Note 2 to Article 278, the local Governments and the Heads of Departments should be asked to indicate always the vacancy in which any appointment or promotion is made and these vacancies should be noted in a simplified scale register in form 12 A, the names of officers appointed or promoted being noted below the entries in the scale registers at the time of audit, as shown in the illustration below —

Suppose it is desired to check that there is no excess in the scale register of superior posts in the Police Department and that the number of sanctioned posts is 40 and the number of officers actually holding superior posts at the time of opening a new register (say 1st January 1923) is also 40 One of the officers proceeds on leave from 15th February 1923 and another begins to hold a superior charge from the 17th February 1923 in the same vacancy The entries in the scale register would be as follows —

Sanctioned strength 40	Number of officers holding superior posts
From 1st January 1923	40
From 15th February 1923 (Mr proceeds on leave)	39
From 17th February 1923 (Mr assumes charge vice Mr on leave)	40
and so on	

The sanctioned strength of the services in which scale audit is reduced as above should be checked twice a year with reference to the Audit Register

279 A Scale Audit Register should also be maintained by the Accountant General, Central Revenues, and the Accountants General, Madras and Bombay, to check excess appointments of Chaplains other than those of the Church of Scotland in the Bengal, the Madras and the Bombay Presidencies, respectively, and whenever the sanctioned scale is exceeded a report should be made to Government. The Accountant General, Central Revenues, also keeps Scale Audit Registers of officers

belonging to the graded list of the Political Department, of officers of the Imperial Customs Service, the Civil Veterinary Department, the Indian Audit Department, of Chaplains of the Church of Scotland, and of Medical Officers serving under the Foreign Department. Other Accountants General will furnish him or the Accountant General, Madras or Bombay, as the case may be, with the necessary information regarding changes amongst the officers mentioned above who are under his Audit in a monthly statement in Form 13 to be submitted by the 15th of the next month. Scale Audit Register is also maintained by the Accountant General. Central Revenues, for audit against the total sanctioned strength of Conservators of Forests for the whole of India, excluding those in the cadres of Madras, Bombay and Burma in respect of whom the necessary scale check is conducted by the Accountants General concerned.

NOTE 1.—The Scale Registers maintained in the office of the Accountant General, Central Revenues, are closed every six months on the 30th September and the 31st March.

NOTE 2.—In the case of those Central Services in regard to which statements of changes are furnished by other Accountants General to the Accountant General, Central Revenues, under this Article, the other Accountants General should exercise scale check to see whether any post out of those allotted to their provinces has been left unfilled so persistently as to suggest that the post has been practically abolished. Apart from this check, they need not regard the leaving vacant of a particular post as objectionable in itself.

Civil List.

280. If in any Civil List of Officers or other publication which is issued by the Government concerned without previous review in the Audit office any errors are discovered in course of working, they should be reported to the authority concerned, and the copy of the printed list preserved in the office should be corrected.

281. *Deleted.*

282. *Deleted.*

282-A. *Deleted.*

Files of Correspondence.

282-B. Separate personal files for individual officers should be opened in order to record the correspondence relating to them. All other correspondence should be recorded in separate files for each department.

Compulsory Retirement.

283. On or before the 1st September in each year, *i.e.*, as soon as possible after the examination of the books of establishment, the Accountant General should submit to the Government concerned a list in Form 15 of the Gazetted Officers other than officers of the Indian Civil Service or the Army or Navy who, during the next official year, will be due to retire under the operation of Rule 56 of the Fundamental Rules or on the expiry of a term of extension of service sanctioned thereunder

The object of this return is to enable the Government to pass the necessary orders as to their retention in, or retirement from the service In the case of Military and Naval Officers, the Accountant General should annually obtain lists of the officers affected by the rule who are employed in departments and offices under his audit, and should pass no more pay to those named therein except where it can be shown that there is authority for their continued employment Regarding Indian Civil Servants, the prescribed registers give the necessary information as to when any individual comes within the scope of the rule

NOTE—In the case of an officer whose year or year and month of birth is known but not the exact date, the 1st July or 16th of the month respectively should be treated as the date of birth for the purpose of determining the date on which he should be held to have attained the age of 55 years or any other age for the purpose of this rule

Auditors' Duties

284 The following is a list of the more important points requiring the special attention of auditors —

(1) See that the payees are legally entitled to the pay claimed

(2) See that except in cases of first appointment, every first payment to an individual whether on account of pay and allowances or as leave salary, is supported by a last pay or leave salary certificate as the case may be

(3) See that, in the case of a Government servant appointed to the service in India, a health certificate is given (see Rule 10 of the Fundamental Rules)

(4) Record the payments in the appropriate cages in the audit register

(5) When the amount of a bill is the same as that of the last month, only enter date of payment, or month of adjustment in the case of bills received with Exchange Accounts or the date of audit in the case of Sterling Overseas Pay bills, if any further payment be made, enter the amount and the new date also a guide letter being placed over it, linking it with the explanatory note and the number and date of the order

(6) When the amount of a bill differs from that of the last month, enter the amount as well as the date the amount being the gross amount paid including fund deductions income tax recoveries of overpayments and Provident Fund deduction in the case of Indian Civil Service officers

(7) Enter advances made in England in Indian currency at the rate of 1s 6d the rupee (*vide* Article 250) Most of these advances are recoverable by monthly instalments of one third of salary, recoveries in cash being credited to "Recoveries of Service Payments" under "Suspense Accounts" and adjusted by deduction from charge (*vide* Article 792)

(8) Examine and check income tax [see note under clause (*k*) of Article 131 and Articles 45 and 45-A Civil Account Code Volume I], and service and other fund deductions including superannuation contributions in strict conformity with the rules

(9) In the case of a gazetted officer on leave—

(*a*) see that leave has been granted ;

(*b*) see that it has not been exceeded ;

(*c*) see that the leave-salary claimed is covered by rules applicable to the case ;

(*d*) see that a life-certificate is attached or the bill endorsed to some well-known bankers or Agents who have executed a general bond of indemnity for the refund of any over-payment ;

(*e*) see that the leave-account is posted both when the officer applies for and when he returns from leave.

(10) Note all advances and excess or unauthorised, payments in the Audit Register in the space set apart for objections, issuing retrenchment slips where necessary.

(11) Note recoveries, if any, in the audit register.

(12) Enface the vouchers with classification and audit notes to enable the district auditors to charge the amounts to the correct heads in the accounts.

(13) Stamp them with the "Admitted" or "Objected to" stamp, as the case may be.

(14) Send them in their proper pages in the registers to the reviewing officer.

(15) On return from him, return vouchers without delay to the Treasury Audit Department.

285. On receipt of a Gazette with the notifications regarding gazetted officers ticked off, the auditor will—

(1) note all the necessary details in the audit registers, and history of services, and also in the scale register ;

(2) issue the pay slip for alterations in pay and allowances, where necessary, under Articles 230 and 232, filling in at the same time the money columns in the register when necessary ;

(3) when leave has been sanctioned, compare the amount of leave sanctioned with that shown in the office copy of the leave report, and prepare the prescribed letters, where necessary ;

(4) in the case of transfer, see that the report is received of making over as well as of receiving charge, note in proper place in audit register, and check joining time ; see also Rule 1 to Article 238 ;

(5) in the case of a gazetted officer transferred from another province, call for a statement of his emoluments, and submit it with the audit and scale registers, the history of services, and the pay slips to the Gazetted Officer for approval.

Chapter 10.—Establishment Audit.

Establishment Book.

286 A list should be opened annuall[illegible] ich [illegible] de,

[illegible] dated the 1st June 1936.]

(a) On receipt of a new annual statement, the book of establishment of the previous year should be taken up for comparison with it, the checking clerk should verify any new orders quoted in support of alterations, and must ascertain that each new name is supported either by a health certificate or by a reference to the bill with which it was furnished, or to a former post (marking in each case "verified" or "certificate inspected" in red ink in the statement). If there be any name not so supported, or if any unknown order be quoted, or if any other discrepancies are noticed, he should institute correspondence with the head of the office. Any additions or alterations required should be entered is the statement. The figures shown in the column for "Pay of present incumbent" should then be proved with the corresponding fly-leaf of the audit register. He should also see that the detailed statement required by Article 62, Civil Account Code, Volume I, is furnished at foot of the return.

1. It will, no doubt, be convenient to keep health certificates for facility of reference in separate files

(b) When all defects have been supplied in the manner indicated in clause (a), the book of establishment should be submitted with the return for the previous year to a Gazetted Officer, by whom a sufficient number of pages, chosen at random, should be checked. If the work appears to have been properly done, the returns should then be arranged and bound

the net charge for each section. Below this should be written in red ink any amount due, but not drawn by reason of absence, to check arrear bills (*vide* Article 298). The amount of fines shown in the establishment bill should be similarly noted in red ink to check bills preferred when fines are subsequently remitted. No subsequent claim not covered by the last two entries or by special authority to utilise savings should be admitted without full explanation of the circumstances under which it was omitted from the monthly bill, which is expected to exhibit the full claim for the month. The entries should always be begun from the top of the allotted space, in order that there may be space for record of arrear bills, and also of sums refunded by short-drawal, which may be claimed again.

1. Orders issued by Government or other authorities regarding the emoluments of any member of the establishment (*e.g.*, orders regarding personal pay or withholding or postponing an increment) should be noted on the fly-leaf of the audit register.

2. The accounts of contributions for pension and leave-salaries of officers lent to Indian States, etc., are kept in separate registers for the whole office. (See Article 428.)

3. *If the amount of a bill is objected to, it must still be entered in the audit register, and the cause of objection clearly stated on the bill.*

296. When the payments have been recorded against the sections, the amounts posted should be totalled and agreed with the total of the bill. The audit enfacement should then be written, and the bill and register together laid before the reviewing officer (Article 209), who should compare the totals, make such comparison of sectional charges as seems necessary, and initial both bill and register. It is a matter of importance to remark that establishment audit registers run from April to March, and that pay is recorded under the month *for* which it is due, not that *in* which it is disbursed. To take an instance :—a clerk being absent on six weeks' privilege leave from 25th March, his pay for March is not drawn in the bill for that month ; but when it is claimed in May, it will be passed in the audit register under the past year : or, to take a further instance,—from the pay bill for April (paid in May) is deducted the pay for March of a man who happened to be absent when it was drawn, and taking leave did not return in April to receive it ; the refund will be noted in the earlier part of the register under March and in the same place will be passed the bill on which the pay is afterwards drawn.

1. The number and month of the voucher should be quoted in the entry as shortly as possible, thus 34—7 would indicate voucher 34 of July.

296-A. Audit of pay of non-gazetted Government servants on a provincial scale and others should be conducted by number. In order to guard against double payments a certificate in the following form should be obtained from Heads of Offices on the consolidated absentee statements—

Certified that the following vacancies have been left unfilled during the month of.............in the grades mentioned against each—

Grade of	No. of vacancies.
Ditto	Ditto
Ditto	Ditto

N.B.—The scale of posts in each grade will be reduced by the number of vacancies and the audit will proceed against the reduced scale

296 B Audit of pay and allowances of non gazetted Government servants of whom there are a large number in each district and who are paid in several batches during the same month should be conducted against both number and amount sanctioned for each district

Increment Certificates

297 Increment certificates attached to establishment bills, or submitted separately for pre audit under Article 69, Civil Account Code, Volume 1, should be examined, so as to see that the increments claimed are according to rule and supported by facts stated and have actually, accrued The facts stated in the explanatory memo attached to the increment certificate (Form 10 A, Civil Account Code, Volume I), should be compared with the fly leaf of the audit register (when names are shown there) At least one fourth of the entries in the memo taken at random must be checked with past bills , and, in the case of certificates submitted for pre audit, if the increments are found to be admissible under the rules the certificate should be returned duly passed, and the fact noted in the audit register

Arrear and Advance Bills

298 Arrear bills should be passed in the same manner against the section concerned, after reference to the note of amounts due but not drawn (under Article 295), the necessary addition being made to the total , advances made under Article 159 (a), Civil Account Code, Volume I, should be debited to Advances Recoverable, or if the officer has been transferred to another circle of audit to the Account Current with that Audit office

Time scales of Pay

299 The special procedure for dealing with pay bills of establishments on a time scale of pay is described in Appendix 11

299 A *Deleted*

Passage Concessions

299 B The procedure for the maintenance of passage accounts and for the drawing of passages of non gazetted Government servants of non Asiatic domicile of the Central Government who have been declared eligible to passage concessions under the terms of the Government of India, Home Department, Memorandum No F 10-4-30 Ests., dated the 6th August 1930, will be similar to that prescribed in Appendix 15 for passages of officers of the Superior Civil Services with this change that the Government servant will apply for passage and will correspond further on the subject through the head of his office instead of directly The certificate and receipt forms to be used will also be the same as those prescribed for officers of the Superior Civil Services, except that reference

to Office Memorandum from the Government of India, Home Department mentioned above will be substituted for those to the Superior Civil Services Rules wherever a reference to the latter rules is made in the forms. In the case of Government servants on foreign service, a contribution at the rate of Rs. 30 per mensem will be recovered from the foreign employer to meet the cost of passages. The contribution is payable throughout the Government servant's service under the foreign employer, *i.e.*, whether he is on duty or on leave. It is, however, not payable in the case of those Government servants in whose case it has been agreed between Government and the foreign employer that the Government servant shall receive passage benefits from the foreign employer in respect of the period of his foreign service. In respect of Government servants transferred from a Civil department to the Military department or from a Commercial to a non-Commercial department or *vice versa*, or from the Central to a Provincial Government, adjustments will be made on the basis of the above rate of contribution and the procedure adopted for the purpose will be the same, *mutatis mutandis* as laid down in Rule 22 of the Rules in Appendix 15.

Temporary Establishment.

300. When sanction is received for a temporary establishment, the requisite entries should be made in the first three columns of the audit register, the period for which the sanction holds good being distinctly specified in the second column below the details of the posts sanctioned, and lines should be drawn across the cages of the months previous and subsequent to such period so as to prevent admission by oversight of pay for a period in excess of sanction.

1. Temporary establishments should be entered in the audit register after all the permanent establishments, and not mixed up with them.

2. Temporary establishment may ordinarily be debited to the same head as permanent establishment; it is only in cases where sanction is given for a long term, and the charge will reach a considerable amount, that there is any object in separating them.

NOTE 1.—Where the power to vary details of a temporary establishment has been delegated to the head of the office, only the scale, as originally sanctioned by the sanctioning authortiy, should be entered in the audit register in order to see that the number of posts above the limit of sanction enjoyed by the sanctioning authority or the number of those above the maximum limit, if any, fixed by superior authority, does not exceed the number of such posts originally sanctioned. In such cases the audit may be conducted against the total sanctioned cost of the temporary establishment.

NOTE 2.—The procedure laid down in this Article applies also in the case of changes in rates. The words 'change in rate' should be entered in pencil in the column for month of change.

Auditors' Duties.

301. The chief points to be observed in auditing establishment bills, besides those mentioned in Articles 130 and 131, are to see :—

(1) That the arithmetical calculations of the bills selected for this check are correct. *vide* Article 135.

(2) That the bill is drawn according to the sanctioned scale, that the substantive pay, and the increase thereto, of an officiating Government servant, are distinctly shown, where necessary, that arrear pay is drawn on a separate bill, that the name of any person on leave, suspension or deputation, as well as the name of the officiating person, is shown in the bill as also in the absentee statement

(3) That the increment certificate is attached when an increment is drawn

(4) That in the case of Government servants passing an efficiency bar in a time scale the declaration prescribed in note 1 under paragraph 7 of Appendix 11 has been received

(5) That the absentee statement is filled in or the "no leave" certificate furnished

(6) That the enhanced pay of officiating incumbents is in accordance with rules

(7) That a last-pay certificate is furnished for an officer transferred from another establishment

(8) That the dates of making over and receiving charge are stated, and joining time checked in accordance with the rules framed under Rule 106 of the Fundamental Rules

302 The ordinary procedure prescribed in Articles 295 to 301 may be relaxed by the Accountant General as indicated below, in the case of bills to be post audited —

(a) Only 50 per cent of the bills of those establishments the normal monthly cost of which is less than Rs 500 should be audited the selection of the bills for this check being made by a Gazetted Officer

(b) "Sums held over" and "absentees' pay refunded" need not be recorded in the audit register and if this plan is adopted arrear and supplementary bills will also not be posted therein the necessary record of the payment being made against the entries in the original bill

Otherwise all bills whether audited or not, should be entered in the audit register

Proposition Statement

303 In verifying the present scale of a proposition statement under Article 63 II (e), Civil Account Code Volume I it should also be seen that the entries in the column "proposed scale" are within the powers of sanction of the authority to whom the statement is to be submitted, and if they are not the authority whose sanction is necessary should be specified in the forwarding endorsement.

Chapter 11.—Travelling Allowance Audit.

Audit Register.

304. Audit of travelling allowances of gazetted Government servants should be recorded in a register in Form 17. As no details of camp stages need be given a single line is sufficient for each voucher. The object of the journey need not be entered except in the case of (*a*) transfers, when the names of stations to and from which the officer is transferred should be specified, and (*b*) the exceptions mentioned in Article 184.

No audit register should be maintained for the travelling allowances of non-gazetted Government servants.

Audit of Bills and Budget Check.

305. In auditing a bill, the pay shown should be checked with reference to pay-bills in those cases where the amount of the allowance is dependent on pay, and the daily allowance should be passed according to the rate admissible, the steamer fare by the table of fares, and the railway fare by the time-table. In the majority of cases countersignature is necessary.

Countersignature does not dispense with the necessity for formal audit with reference to rates and general conditions. Ordinarily, the countersignature by the proper authority, or the signature of the drawing officer when a bill does not require countersignature, should be accepted as final evidence that the facts of the journey on which the claim is based are correct, and that the controlling or the drawing officer, as the case may be, has exercised the scrutiny entrusted to him under the rules of the Government. Occasionally a test check should be exercised to see that these officers scrutinise the bills properly.

1. The arithmetical calculations should be checked only of the bills selected for the purpose, *vide* Article 135.

2. Travelling allowance bills of Government servants of the third and fourth classes, if they are to be post-audited, may be checked to the extent of 50 per cent. only, the bills to be checked being selected by a Gazetted Officer.

3. See also Notes 1 and 2 under Article 313.

4. The pay shown in the travelling allowance bills of non-gazetted Government servants, in those cases where the allowance is dependent on pay, should be test checked to the extent prescribed by the Accountant General: in cases where names are not shown in pay bills the test check will be limited to seeing that the pay shown in the travelling allowance bill does not exceed the maximum pay of the grade of the post held.

306. After the bills have been checked, and entered in the Audit Register in the case of bills of gazetted Government servants, they should be submitted with the Audit Register, if any, to the passing officer for review and signature.

The appropriation audit should be conducted through the Classified Abstract and the Superintendent should satisfy himself that the check has been properly exercised before he passes the Classified Abstract every month. Prompt notice should be taken of any expenditure which may lead to the sanctioned appropriation being exceeded at the end of the year and actual excesses, if any, placed under objection.

Chapter 11-A.—Grant-in-aid Audit.

Application of the rules in this Chapter.

306-A. The rules in this chapter apply to the audit of the grants-in-aid made by Government to a body, fund or concern which is independent of Government.

Note.—If in any case it is found politic or expedient to finance from a lump sum grant sanctioned as a grant-in-aid, any expenditure on the public service, the relevant sanction and the resultant expenditure will be audited on the principles laid down in this Code for the classes of expenditure actually concerned.

Main directions of audit.

306-B. In the case of a grant-in-aid, audit can be applied (1) to the original grant itself and (2) to the expenditure which is subsequently incurred from it by the grantee. The nature and extent of the audit to be applied in each of these directions will be defined in the following articles.

Audit of the grant itself.

306-C. Audit of the grant itself will be applied in the usual two stages of sanction audit and expenditure audit.

306-D. In auditing sanctions to grants-in-aid, the general principles enunciated in articles 125 and 126 should be followed. It frequently happens, however, that the power of sanctioning grants is delegated to subordinate authorities subject to the previous fulfilment by the grantees of certain conditions. Thus, grants may be made to educational institutions which reach specified standards in respect of number of scholars, methods of instruction and the like. In such cases, if the order sanctioning the grant quotes the relevant rule, the audit officer should ordinarily accept the expressed or implied certificate of the sanctioning authority that the prescribed conditions have been fulfilled ; but he should take any available opportunity of scrutinising the methods by which that authority satisfied itself of such fulfilment. In addition, a test audit should, where possible, be applied to check the fulfilment of the conditions in individual cases.

Note 1.—The test audit suggested in this article can most conveniently be done in the office of the sanctioning authority, where all necessary papers will be available. The precise method by which the check will be exercised for different classes of grants-in-aid may be settled by the Accountant General in consultation with the Auditor General and detailed in the relevant office manual.

Note 2.—Audit should ordinarily accept statements on purely technical matters made by responsible technical officers.

306 E The audit of the disbursement of grants in aid should be conducted as prescribed in Articles 130 and 131

Audit of expenditure by grantees from grants

306 F Grants in aid may be either conditional or unconditional

306 G Where no conditions are attached to a grant, audit is in no way concerned with the manner in which the grant is utilised by the grantee

306-H Where conditions are attached to the utilisation of a grant, these usually take the shape of specification of the particular objects on, or the time within, which the money must be spent Whatever the nature of the conditions, audit cannot be completely divested of responsibility for seeing that they are fulfilled The procedure specified in the following articles should therefore be observed

306 I (a) If in any case the expenditure from a grant comes under the audit of the Accountant General whether at headquarters or in the course of local inspections his scrutiny should include a complete or a test check of the fulfilment of the prescribed conditions

(b) If the expenditure comes under the audit of the Examiner of Local Fund Accounts, and that officer is a subordinate of the Accountant General it will suffice if the Accountant General satisfies himself by reference to the reports of the Examiner that the conditions are being duly fulfilled The extent of check to be applied by the Examiner will be prescribed by the Accountant General

(c) In cases not falling under (a) or (b) above the statements and certificates of the administrative Government authorities may be accepted in audit, but here also a test check should where possible be applied the test check being extended even to examining the adequacy of the procedure observed for obtaining the assurance whereon the certificates are based In provinces in which the Examiner of Local Fund Accounts is not a subordinate of the Accountant General a certificate based on his audit may be accepted without further test check

NOTE—Where expenditure from a grant in aid is audited locally the auditor should either include in his report a certificate that the conditions on which the grant was made have been or are being fulfilled or should give details of the breaches of those conditions

306 J Unless otherwise ruled by the local Government every grant made for a specified object is subject to the implied conditions—

(i) that the grant will be spent upon that object within a reasonable time if no time limit has been fixed by the sanctioning authority and

(ii) that any portion of the amount which is not ultimately required for expenditure upon that object will be duly surrendered

Audit scrutiny when applied should pay due attention to these points

306 K In the case of recurring grants in aid to institutions etc, it should as far as possible be watched in audit whether the grantee continues to function as such institution and whether the circumstances in recognition of which the grant was sanctioned still continue to exist

Procedure in the Audit Office.

306-L. An audit register of grants-in-aid in Form 17-A should be maintained in each department. Immediately on receipt of a sanction to a grant, it should be audited as laid down in this chapter. If admitted in audit, it should be entered in the relevant portion of the audit register and the entry attested by a member of the Subordinate Accounts Service. An order of payment, if necessary, should then be issued in form S. Y. 29, and its number and date noted in the appropriate column of the register.

NOTE 1.—A new register should ordinarily be opened every year, into which should be brought forward all entries in the old register relating to recurring grants which are still in force. These entries should be attested in the new register by a member of the Subordinate Accounts Service.

NOTE 2.—For any department in which the number of grants-in-aid is small, the same register may continue in use for a number of years, separate sets of pages being allotted for the transactions of each year. In this case also, entries relating to recurring grants should be brought forward at the beginning of each year to the new set of pages and attested as provided in Note 1.

NOTE 3.—Where local scrutiny of certain classes of grant-in-aid is conducted, a separate note of the sanctions relating to those classes should be kept for the information of the inspecting staff.

NOTE 4.—For the record of the audit of periodical payments of *grants-in-aid the procedure prescribed in Article 319 should be followed; but the register should be* kept in Form 17-A.

NOTE 5.—In cases where it is found difficult to summarise the conditions and limitations within the limits of column 8 of the form of the register of grants-in-aid, as a matter of detailed procedure, the conditions and limitations may be noted separately and reference made in column 8 of the form to such separate record.

306-M. When a voucher comes up for audit, it should be audited against the relevant sanction, as recorded in the audit register, and a note of payment made in the register, but see item 8-E under Article 135. The audited bill should then be submitted with the register to the passing officer for review.

306-N. If conditions are attached to a grant, a reference to any documents furnishing information as to their fulfilment should be recorded in the appropriate column of the register under the dated initials of the auditor.

Chapter 12—Contingent Audit

Application of the rules in the Chapter

307 The rules contained in this chapter govern the audit not only of contingent charges proper, but also of Supplies and Services and Other Expenditure, as defined in Chapter 6 of the Civil Account Code The term Contingent Charges or contingencies is used in this chapter to cover all these classes of expenditure Certain other audit processes relating to expenditure which is sometimes treated as Contingent Expenditure are described in Chapter 18 These processes when applicable are to be considered as supplementary to those noted below

Classification of Contingent Charges proper

308 The actual classification of Contingent Charges in a province is determined by the orders of the Government concerned and as a result, it differs in different provinces It will be found however on consideration of the dominant condition governing the particular expenditure that all contingencies will fall into one or other of the following five classes —

(a) Contingent charges whether recurring or non recurring which cannot be incurred without the special sanction in each case of superior authority These may be termed *Special Contingencies*

(b) Contingent charges met from a lump sum grant placed at the disposal of a disbursing officer for expenditure at his discretion on certain specified objects Such charges are known as *Contract Contingencies* and generally consist of charges the annual incidence of which can be averaged with reasonable accuracy

(c) Contingent charges regulated by scale laid down by the superior authority Such charges may be designated *Scale-regulated Contingencies*

(*d*) Contingent charges which, though they may be incurred without special sanction, require the approval and countersignature of superior authority before they can be admitted as legitimate expenditure against public funds. Countersignature is ordinarily obtained after the bills are paid, but in rare cases it is necessary before payment. Such charges are known as *Countersigned Contingencies.*

(*e*) Contingent charges which require neither special sanction nor countersignature, but may be incurred by the disbursing officer on his own authority subject to the necessity of accounting for them. Such Contingencies may be termed *Fully-vouched Contingencies ;* though in actual practice the Auditor General dispenses with the production to audit of vouchers of less than a prescribed amount.

309. It must be recognised that the five classes of Contingencies described in the foregoing article are not necessarily mutually exclusive. There may be cases in which Special Contingencies are regulated by scale ; or in which a bill for Scale-regulated Contingencies requires countersignature. Where a contingent bill falls in this way within two or more classes, the methods of audit prescribed in this Chapter for each of those classes should, as far as possible, be applied to it.

General Nature of Contingent Audit.

310. The responsibility for the effective control of contingent expenditure rests primarily upon the heads of offices and departments. The Audit Officers merely examine the fulfilment of that responsibility by their audit of such expenditure, the extent of which varies greatly with the different classes of contingent charges. It is least of all in the case of Contract Contingencies ; and very little greater in respect of Scale-regulated and Special Contingencies. Over Countersigned Contingencies, the major portion of the control is exercised by the countersigning authorities ; but audit has certain definite responsibilities. The responsibility of audit is greatest of all in the case of Fully-vouched Contingencies. For all classes of Contingent Charges alike, except that in the case of contract contingencies, these responsibilities should be discharged as far as the rules in connection with those contingencies permit. The Accountant General has the following minimum responsibilities which should be exercised in respect of all Contingent bills taken up for audit. He must see—

(*a*) that each class of expenditure

(1) is a proper charge against the grant concerned,

(2) has received such sanction as is necessary,

(3) has been incurred by an officer competent to incur it ;

(*b*) that such vouchers as are required by audit have been submitted ;

(*c*) that such certificates, if any, as are necessary, ~~including those mentioned in items 3, 5 and 10 of Appendix 13~~, have been provided ;

(d) that no canon of financial propriety is infringed ;

(e) that the bill is in proper form ,

(f) that the amount in words and figures agree ,

(g) that the classification is correctly recorded ,

(h) that the rates are apparently not extravagant ,

(i) that the flow of expenditure is not too rapid , this check will be applied in the case of those bills for which the audit register is maintained , and

(j) that, if the expenditure in the month of March is unusually large, it does not lead to irregularities

Audit of Contract Contingencies

311 The rules governing contract contingencies differ in different provinces, the principal variations being in the classes of expenditure brought under the contract system and in the departments to which the system has been extended In some provinces the contracts are made direct with the disbursing officers, while in others the contract grants are placed at the disposal of controlling officers who distribute them annually among their subordinates reserving a small portion for subsequent allotments in case of need In spite of these and other minor variations the essential features of the system are common to all provinces No details of the expenditure, beyond such totals of the various contract items as may be required for purposes of classification, need be furnished in the bills , unless the terms of the contract provide to the contrary, no sub vouchers need be submitted , and disbursing officers are held person[illegible] for any expenditure in excess of the [illegible] sanctioned by competent [illegible]

including sanctions conveyed by the method permitted by the Note under Article 131 (*h*), should be entered as soon as it is received and, as each charge comes up for audit, a note of the bill in which it is included, and of the fact that it has been audited, should be made in the final columns. Where expenditure *against a lump sum sanction* is incurred in instalments, the progressive outlay must be watched against the sanctioned total.

To facilitate the watch of expenditure and liabilities against allotments, where such check is necessary, a note of the special charges should be made also in the relevant contingent audit register (if any). When an order of sanction contains no indication of the amount or limit of expenditure sanctioned, inquiry should be made from the authority which issued it, and charges should not be passed in audit until complete sanction is received.

(*b*) In preparing the register of special charges, the following instructions should be followed :—

(1) Separate pages should be set apart for different classes of expenditure and, if the entries are likely to be numerous, for *different officers incurring expenditure.*

(2) Separate pages should be set apart for the record of payments authorised by other audit officers. The numbers and dates of the letters authorising such payments and of the corresponding authorities issued to treasury officers should be entered in the opening columns, and when the charges appear in the treasury accounts they should be noted against the original entries in the register before being passed on through the exchange accounts.

(3) When opening a new register, orders which are still in force should be carried forward into it from the old register.

NOTE 1.—The sanctions entered in the register of special charges will not be confined to sanctions of contingent charges proper. Special sanctions of refunds, advances, travelling allowances and the like also will be recorded in this register and the charge audited according to the method prescribed in this article.

NOTE 2.—All entries made in the register of special charges should be *attested* by a member of the Subordinate Accounts Service.

Audit of Countersigned Contingencies.

(*a*) *Bills countersigned after payment.*

314. In the case of bills countersigned after payment, the money is actually drawn on an abstract bill, and the approval of the superior authority as indicated by its countersignature, is subsequently received by audit on the monthly detailed countersigned bill. Both the abstract bill and the detailed monthly bill require scrutiny in audit.

315. (*a*) On receipt of the abstract bill, scrutiny should be limited to seeing that it is signed by an officer authorised to sign such bills, that the summations are correct and that there is nothing extraordinary or unusual in it. Thereafter, the usual audit enfacement should be made upon the bill, and the amount paid at the treasury or bank or passed for payment in pre-audit, should be entered, in a contingent audit register. Except in the case covered by clause (*b*) of this article, the register will

be in Form 18, and a separate folio will be assigned to each disbursing officer or department under the major head of account concerned, the folios being arranged in the serial order of major and minor heads The total amount paid or passed for payment on each abstract bill should alone be taken into the register, the object of which is to provide a record of the payment of each bill, and each entry should be initialled and dated by the auditor Details, if required will be available from the Compilation Sheets After entry of each bill in the audit register, the items subjected to objection on their merits should be entered in the objection book, see Article 783

(b) In the following cases, Form 18 should not be used —

(1) Bills for contingent charges which have to be audited against the unit of appropriation for a whole province need not be entered in an audit register The expenditure as a whole will be watched against appropriation through the Consolidated Abstract, and the receipt of each detailed bill and payees' receipts through the objection book or a separate subsidiary register, as the case may be See Note under item 1 ' General ', Article 723

(2) Bills of the Forest Department should not be entered in an audit register, but if they contain any special contingencies, the latter should be treated as prescribed in Article 311 above

NOTE 1 —The maintenance of the Audit Register in Form 18 is left to the discretion of each Audit Officer who will be guided by local requirements

NOTE 2 —When an amount drawn in a previous month of the current year is refunded in cash, it should be shown in red ink as a *minus* entry in the audit register, and the progressive total for the month should be adjusted accordingly Repayments in cash or by short drawal in bills of amounts drawn in a previous year should not be taken in reduction of expenditure of the current year but should be brought to account as prescribed in Article 792

316 (a) It is most undesirable to allow indefinite delay in the audit of contingent charges, and the Accountant General should therefore watch very carefully the submission of monthly detailed bills and direct the attention of countersigning officers to cases of undue delay

(b) On receipt of the monthly detailed bill, it should be carefully checked on the principles laid down in Article 310 In addition, the auditor should satisfy himself —

(1) That the bill is duly countersigned

(2) That the charges included in it cover the amounts drawn from the treasury and are classified as in the abstract bills Differences or disallowances should be noted for recovery, and adjustments should be made if necessary, on account of misclassification

(3) That details of charges are given where necessary

He should further apply the special procedure, prescribed elsewhere in this chapter, to any Special or Scale regulated Contingencies and any periodical charges which may be included in the bill

(c) Except on points covered by clause (b) of this article, the Accountant General should not disallow any items included in a countersigned bill which are within the powers of sanction of the countersigning officer. He should, however, draw the attention of the latter to any expenditure which seems questionable or, in comparison with like charges elsewhere, excessive in respect of rate, price or amount and may, if he deems it advisable, specially address the local Government on the subject.

(d) When the Auditor has completed his audit, and has ticked off each item supported by a voucher *in token* of his having seen and passed the voucher, he should record his audit order, passing the bill or objecting to it, upon the bill itself. He should then make the corresponding or partial adjustment both in the *audit register* and the *objection* book, taking steps to remove any objection still outstanding.

(b) *Bills Countersigned before Payment.*

317. Where countersignature is required before payment, there will be no abstract bill, but payment will be made on a detailed bill. In that case, the first entry should be made in the *contingent audit register* when the detailed bill is received. Audit should then be conducted, and the entries in the register completed, as prescribed in Articles 315-316. The auditor will, of course, make no entry in the objection book unless some item in the detailed bill itself is objectionable.

Audit of Fully-vouched Contingencies.

318. Payment of fully-vouched contingencies will be made on detailed bills. No audit registers need be maintained for the record of these bills except in cases where the Accountant General is requested by the local Government to audit the charges of individual disbursing officers against a lump sum appropriation placed for the purpose at the disposal of a single higher authority. The actual audit should be conducted as in the case of bills countersigned before payment.

It is the Accountant General's duty to challenge extravagant rates, prices or amounts in charges not otherwise objectionable in character, and to refer for orders any item of expenditure which is positively objectionable or even of doubtful propriety. A charge should not, however, be held to require the special sanction of Government merely because it is unusual in the sense that it does not occur at frequent intervals. A clock in a Commissioner's office may be a necessary article of furniture, though the need of replacing it may not arise for years. When the need does arise, the expenditure may be readily passed on the Commissioner's signature if the price be, on the face of it, reasonable.

319. Periodical charges, such as rents, rates and the like, and charges for which a fixed allowance is sanctioned, may appear in either countersigned or fully-vouched bills. In either case, they should be noted in a register of periodical charges, which should be opened in Form 19-B; each payment, as it is audited, being posted, with the necessary references, in the appropriate monthly columns.

No. 24

Page 147, Article 319—

Substitute the following *for* the first sub-paragraph of this Article :—

Sanctions to recurring contingent charges are noted in the register of periodical charges in Form 19-B, each payment as it is audited being posted with the necessary references in appropriate monthly columns. Ordinarily the register should be used only in cases in which sanctions other than those of the disbursing or countersigning authorities are involved.

[Audit Code, Vol I, 1st Edn. (2nd Rep.), No 24, dated the 1st July 1935.]

ing Note as Note 1.—

NOTE 2.—Periodical charges such as water rates conservancy taxes, etc, which do not require the sanction of a higher authority [*vide* Exception (*a*) below Article 100, Civil Account Code, Vol I] should not be entered in the register

[Audit Code, Vol I, 1st Edn. (2nd Rep), No. 21, dated the 1st June 1935]

... registers are maintained, and particulars of the duplicate invoice, which will be attached to the bill, should be entered in the column for *number of voucher* The progressive total in the audit register, if any, and in the consolidated abstract should include the cost of supplies The adjustments for such supplies should be made in the consolidated abstract by the method prescribed in Article 472 either on the receipt of statements from supplying officers under its own audit or on the appearance of debits in exchange account with other departments In either case, the fact and the month of adjustment should be noted in the audit register, if any, against the entry of supply if the latter has already been posted from the contingent bill of the officer supplied If it has not been so posted, a fresh entry should be made in the register in the column for the current month, and the officer supplied should be asked to include the charge in the Statement of account of his next contingent bill

Charges for wages of coolies

320-A. In the case of offices the accounts of which are not audited locally, contingent charges on account of wages of coolies engaged on manual labour and paid at daily or monthly rates should be passed in audit on the authority of a certificate signed by the disbursing officer to the effect that coolies were actually entertained and paid

A call should be made for some of the paid muster rolls in each quarter and they should be checked to see that they were properly maintained The Accountant General should lay down in his local manual how the selection should be made

Appropriation Audit

321 Contingent charges should be audited against appropriation as prescribed in Article 202 The Superintendent should review the charges, comparing the amounts expended with the appropriation through the contingent audit register or the consolidated abstract or the appropriation audit register in Form 29 of the Account Code as the case may be He should bring to notice any case in which the expenditure appears likely to exceed the provision and should place excess expenditure, if any, under objection

NOTE —The Government of India have directed that, when a countersigning officer passes a monthly bill in which the monthly proportion of the appropriation is exceeded, he should report to the Accountant General that he is satisfied that the [illegible]

is rendered necessary by special circumstances. This order does not apply to provincial expenditure in Governors' provinces; but it is within the power of local Governments to issue similar instructions.

Bills for articles purchased direct from firms in the United Kingdom.

321-A. Payments in the United Kingdom in respect of articles required for the public service, which are ordered direct from and supplied direct by firms in the United Kingdom, are made in accordance with the procedure laid down in the Note under Article 151 of the Account Code. All bills, vouchers or invoices of the supplying firm which are submitted for pre-audit to the Audit Office by the department receiving the supplies should be recorded in a special register in Form 19-A, which should be maintained in the "Treasury Miscellaneous" or other Central Section of the office. After the necessary particulars have been entered in columns 1-5 and 10 of this register, the bills, with supporting vouchers and invoices, will be passed on for pre-audit to the Audit Section concerned through an ordinary transit register. The Audit Section will audit and classify the charges, make the necessary audit enfacement on the vouchers, communicate objections, if any, to the parties concerned, inform them that the necessary bank drafts will be sent to the High Commissioner in due course, and then return the audited vouchers to the Treasury Miscellaneous Section, where the sterling amounts will be entered in column 6 of the register and the classification in column 8.

At the end of the month, the register will be closed by totalling column 6 and an application for a demand draft for the total amount in sterling will then be made to the Imperial Bank of India in Form No. 19-C; the necessary bills, invoices, etc., working up to the total of the demand draft being submitted to the Bank in original as enclosures to Form 19-C. On receipt of the demand draft, it should be forwarded to the Secretary to the High Commissioner for India under cover of a special letter in Form 19-D, particular care being taken to fill in correctly and completely the statement of payments on the reverse of the form. At the same time the necessary letters of authority, in Form 19-F, should be issued to the supplying firms, under the special seal of the office, a copy being endorsed to the respective officers in India who received or ordered the stores and at whose instance the payments are authorised. Column 9 of the register will be filled in after the requisite letters of authority have been issued, and in the last page of the entries relating to each month will be recorded the number and date of (1) the requisition to the Bank for a demand draft, (2) the communication from the Bank forwarding the demand draft, (3) the letter to the High Commissioner in Form 19-D, and (4) the letter to the High Commissioner in Form 19-E, forwarding the Second of Exchange. The amount in Indian currency requiring to be entered in column 7 will be filled in from the particulars recorded on the reverse of Form 19-C, when it is received with the Bank Account, and, to enable this to be done, the Audit Section dealing with the Bank Account will send all Forms 19-C to the Treasury Miscellaneous Section as soon as they are received, for note in the register and return. The register thus completed will then be submitted for inspection to the Officer in charge of the Treasury Miscellaneous Section, who will place his dated initials in column 11.

In cases of stores obtained by officers in India direct from firms abroad on f o b basis subject to inspection by the Director General, India Store Department, London, the payment will be made by the High Commissioner for India on receipt of bills through the Director General, India Store Department, London The amounts paid will be passed on to the Accounts Officers concerned through the Remittance Account supported by the suppliers' bills duly certified by the Director General, India Store Department, London They will then be subjected to audit in the usual manner

NOTE—Form 19 D forwarding the demand draft to the High Commissioner should as far as possible be issued by the first mail of the month following that to which the transaction relates and in any case not later than by the second mail following The Second of Exchange should be issued a week after the First of Exchange

Payment at contract rates

321 B When payments are made at certain contract rates which are not required to be communicated to the Audit Office a certificate should be obtained from the competent authority to the effect that the claim is correct with reference to such contract rates

Chapter 13.—Pension Audit.

Verification of Services.

Indian Civil Service.

322. The necessary report upon the service and active service claimed by a retiring officer of the Indian Civil Service in his application for permission to resign and for an annuity or gratuity will be made by the Accountant General of the province on whose cadre the officer is borne. If the officer is, when the application is made, under the audit of another Accountant General, the information necessary for the report will be obtained from that Accountant General.

Services other than the Indian Civil Service.

323. (*a*) On receipt of a statement of services, the details should be checked with the establishment books only; it is not necessary to refer to audit registers or vouchers in order to verify dates of alteration of pay or of appointments, or dates of leave or of suspension. The dates stated for these in the service statement may be assumed to be correct if they agree with the establishment books. The date of birth should also be checked with the books of establishment.

(*b*) The statement should show all periods of leave taken except privilege and casual leave, or a certificate should be given to the effect that no leave (other than privilege or casual) was ever taken. If, however, any period of leave is inadvertently omitted from the statement, the omission should be supplied by the Audit office by referring to the service book of the applicant for pension.

(c) It is not intended that at the time of pension verification a re-audit should be undertaken by the Audit office of the leave salary drawn by a retiring Government servant during his service or, that a check should be exercised as to the correctness of the leave granted to him.

1 In this connection, see Article 889 A

(d) The officer in charge should himself check the verification of one or two entries in each case, and the verifying clerk will note the fact of verification (with date) in the establishment books

(e) For verifying the services of gazetted G[illegible] [illegible]nt servants, the printed history of services should be used [illegible] If part of the service be non gazetted such part [illegible] the establishment returns

(f) In the case of [illegible] on Foreign Service, the period [illegible] should be verified from [illegible] broadsheet of pension [illegible] other contribution fo[illegible]

[illegible] Reports

[illegible]uld arrange for the speedy disposal of verifi[illegible] required in connection with applications for pen[illegible] [illegible]ratuities which are invariably to be treated as urgent

[illegible] register of applications for pension should be kept in each Audit [illegible]ffice showing date of receipt and of final disposal of each

325 To ensure the correct settlement of the accounts between Governments on account of each pension the following procedure should be observed —

(a) The pension report by the Audit Officer should indicate invariably the apportionment of the charge, so that the authority sanctioning the pension may notify it in the orders of sanction

(b) When a pension is sanctioned and the Audit Officer has to issue a last pay certificate to enable the pensioner to draw his pension out of India or in another circle of audit in India the last pay certificate should similarly indicate the apportionment of the pensionary charge

(c) In the case of pensions paid in India, if any part of the pension is payable by a provincial Government, and the Audit Officer within whose audit circle the pension is paid is not the Audit Officer of that Government, he should present to the latter Audit Officer a demand for the commuted value of the pension payable by that Government, and noting the demand in the register of special recoveries (Article 134), he should watch the settlement of the claim in accordance with the procedure applicable to the case

(d) The Audit Officer to whom a claim is presented under clause (c), should then proceed to settle it under the orders of his provincial Government and in accordance with the procedure applicable to the case.

(e) Pension Payment Orders issued for payment of pensions at treasuries should specify whether the charge is debitable to the Provincial or to the Central Government, and this classification should also be noted in the Audit Register.

Preparation of Pension Payment Orders.

326. Except in cases for which other special arrangements may be sanctioned, periodical personal payments which do not come under the category of Pay and Allowances should be made only upon pension payment orders issued from the Audit office. These pay orders must be issued strictly in the terms stated and to the persons named in the order sanctioning the allowance issued by Government or other competent authority. Audit Officers have no authority to discuss or enter upon any questions relating to succession to, or division of, or claims to, such allowances, but must direct all such matters to be referred for the orders either of the Government or of the authorities who may have been appointed to decide them in the rules framed under Act XXIII of 1871.

327. *Deleted.*

328. The Accountant General should, before he issues pension payment orders for political pensions, require information regarding the parentage, residence, date of birth, height, and any personal marks facilitating identification of the pensioner, and should enter these particulars in the pay order.

1. Certain political pensioners of position in the Madras and Bombay Presidencies are exempted from the operation of this rule.

329. When an authority which is competent to sanction claims to pension without previous reference to the Audit Officer sanctions a pension without such a reference, the Audit Officer should satisfy himself that the amount sanctioned is correct and that the rules have been properly applied, before arranging for the payment of the pension sanctioned.

330. In cases in which an authority which is competent to sanction a pension records on the pension application or on the letter forwarding the application its recommendation that the pension claimed should be admitted, the Audit Officer, on finding the claim in order, should forthwith issue the necessary pension payment order, and intimate having done so to the authority concerned.

Registers of Pension Payment Orders.

331. (a) The pension payment orders issued to pensioners will be numbered in two series : one for those chargeable to the major head "44.—Territorial and Political Pensions", the other for those chargeable to "45.—Superannuation Allowances, etc." Each series should be

continuous for the whole province without regard to the treasury at which the allowance is payable, and should be recorded in a register in Form 20 Separate registers should also be kept, where necessary, for "Special Pensions" (*vide* Article 332), for "Assignments and Compensations" and for pensions of Colonial Governments and Indian States

(b) An order granting a pension should, on receipt, be checked with the final report submitted by the Audit office, and posted in the proper register, which with the final report should be laid before a Gazetted Officer, together with the Government order and the pension payment order, for his signature He should certify the issue of the latter, and the correctness of the entry, by putting his initials in the column of date

1 The last pay certificate received with the application for pension should be filed with the office copy of the report to Government or when the pension is pay able in another province sent to the Accountant General of the province concerned, and reference must be made to it before the pension payment order is issued When a last-pay certificate is not furnished to the Accountant General he should note across the pension payment order that no payment is to be made until a last pay certificate is produced (see Article 70 Rule 2 Civil Account Code, Volume I) Where the person retiring from the service has been paying premia or subscrip ons to the Postal Insurance Fund by deduction from his pay bill the amount of deduc tion to be made monthly should in the case of pensions payable in another province be noted in the last pay certificate before transmission to the Accountant General concerned.

(c) When a pension is transferred to another treasury, it should be brought anew on the register of pension payment orders, and a fresh number assigned to the payment order When both parts of an order are returned for cancellation the fact and the cause must be recorded in this register with the date of death or transfer Old cancelled orders may be destroyed after issue of the new ones so also may those of deceased pensioners after the heirs have been paid

1 In the case of pensions transferred from one treasury to another it will be well in cases of re-entry on transfer, to make the entry in red ink and to omit all the particulars in all the columns but those of No and date of pension payment order name of pensioner, monthly amount and place of payment noting across the blank spaces "*See No above*" In the case of a pension transferred from another province the entry should be made in red ink, but all the columns should be filled up New pensions payable in another province need not be entered in the register

2 When sufficient space is left on the reverse of the pension payment order for note of payment and the payment order is in good condition and the transfer is made within the same province it should be enfaced, rather than renewed, the entry in the Register of Pension Payment Orders being corrected accordingly [The number of the pension payment order need not be altered.]

Register of Special Pensions

332 (a) Pensions which are not granted for life, but are subject to some special condition (*e g*, that they are to cease on marriage or at a given age or under any given circumstances) are not to be entered in the same register with other pensions but should be recorded and audited in special registers of their own and all pension payment orders of such pensions will bear the letter S in addition to the number

(b) In the register of special pension payment orders, and also in the audit register of special pensions, an additional column should show "Limitation of pension", which must be stated as precisely as possible; for instance, such entries as "to determine in twenty years" or "to last till twenty-one years of age," must not be allowed, as in such cases the precise date of termination can be ascertained and should be entered.

(c) In all cases where the determination of the pension cannot be fixed for a precise date, the payment can be admitted only upon a certificate in each case that the event (whatever it is) which terminates the pension has not happened.

Register of Pensions by Departments.

333. It will be convenient, *for the purpose of preparing the Budget* Estimate for pensions, to keep a separate register, wherein all service pensions granted, *or transferred from other provinces for payment, may* be recorded under the several departments to which the pensioners formerly belonged. The register should be on ordinary foolscap in Form 21, and should provide one or more pages for each department; the first three columns will be filled up on issue of an order, the columns for date of removal and amount of each pension removed will be blank until transfer of payment to another province, or certified death, removes the pensioner finally from the roll. The net figure required for budget purposes is arrived at by *adding* the annual amount of new pensions in column 3 to the net amount shown at the end of the previous year's register and deducting the annual amount of the lapses during the previous twelve months; this calculation should be made in the remarks column of the register. The further particulars necessary for the Budget return of the new grants can be obtained from the pension payment order register, but close packing would give room for their entry *in this form, and either plan may be adopted* at discretion.

1. It will be observed that the budget estimate will not be corrected by the lapses and grants of the account year, but only by those registered between the dates of the preparation of the former and of the new estimate.

334. It will not be necessary to enter a name anew on this register when a new pension payment order is issued in lieu of an old one; on receipt of the death-roll the pension payment order register will give a clue to the original number and the department.

Audit Register.

Form of Register.

335. The audit register for pensions payable in the interior will be in Form 22. The register for Territorial and Political pensions will be separate from that for other pensions, and each will be bound in volumes of convenient size, embracing one or more districts, and paged continuously. A sufficient number of blank spaces should be left under each district to accommodate the additional entries, which grant of new pensions, or transfer of old ones from other districts, will make necessary during the six years' *currency* of a register; and each new name should be brought on the district register on the first vacant line at the time

the pension payment order is issued The number entered against each pensioner will be that of his pension payment order, and every entry of a pension must be initialled by a Gazetted Officer, after comparison with a pension payment order register When entries are transcribed from an old Audit Register to a new one the entries so transferred to the new register should be similarly attested by a Gazetted Officer

When a pension ceases to be payable or is transferred to another treasury the unused cages for dates of monthly payments should be cancelled and the cause noted across them

1 If any pensions have remained undrawn without any explanation being obtainable regarding them for three years in the case of pensions adjustable under ' 45—Superannuation Allowances and Pensions ' and for six years in the case of pensions adjustable under ' 44—Territorial and Political Pensions the entries may be omitted when opening new pension audit registers

2 A page or two at the end of the audit register of service pensions should be set apart for the audit of payments to Hong Kong and Mauritius pensioners

3 The pensions referred to in Rule 2 should be regarded as payments made at the instance and on account of the Colonial [illegible] mixed [illegible] for [illegible] nged [illegible] in) [illegible] hich

[illegible] ample space in the [illegible] entries which can be necessary in the case [illegible] pensions paid at a treasury in the interior , these would be ordinarily only the fact of cancellation of the order with its cause the date of death the receipt of death roll and the payment of any arrears to heirs If an officer re appointed after obtaining compensation pension does not surrender his pension note of the post to which he is appointed and its monthly pay should be made in this place , if the pay of the new post does not allow the pensioner to draw his whole pension the full amount granted should be struck out in red ink and the reduced amount entered in opening a new register, both amounts with note of the post should be brought forward in the same way

When there is sufficient blank space in the right hand page the fact of cancellation should be noted across it instead of in the Remarks column but if the necessary note cannot be made on the right hand page for want of space the blank column should always be scored through in red ink Similarly, when a new entry is made the blank cages at the beginning should be filled up with the entry " Payable from the "

If the *pension or a part of it is chargeable to a Government other* than the paying Government the amount chargeable to it should be specified in the column for " Remarks "

Audit Procedure

337 As permitted in Article 135 only a small percentage—approximately 16⅔ per cent —of the payment vouchers relating to pensions (not gratuities or anticipatory pensions) received from treasuries need be

audited every month, the selection for the check being made by a Gazetted Officer in such a way as to ensure that all the vouchers received from a treasury during a month shall be audited at the same time, and that the vouchers of each treasury shall be audited at least twice in each year.

338. Vouchers in support of payment of arrears of pension which the Treasury Officer is not *authorised to disburse without special* sanction should, when they are to be audited, be examined to see that such sanction is in existence.

1. When dealing with applications for payment of arrears the Audit office should require a certificate from the Treasury Officer stating the date of the last payment and the name of the month to which it related.

2. *Arrears of Political pensions, which have remained undrawn for two years, may not be paid without the special orders of Government, unless definite rules on the subject have been prescribed by the local Government under Act XXIII of 1871.*

339. The process of audit will be simply to ascertain that the necessary documents support and justify the charge in the pension bill, and then to record the date of payment in the proper column of the register. The bill or schedule, whether audited or not, should, however, show clearly, as in the case of other vouchers, the detailed heads to which the charges are debitable.

Presidency Pensions.

340. For pensions paid in a Presidency town, the audit register will be kept in Form 23. All payments shall be pre-audited; but it will not be necessary to maintain a file of pension payment orders as in treasuries, the purpose being served by the audit register, payment entries wherein will be initialled by a Gazetted Officer. The signature of the pensioner should be taken, for comparison, in the column "Name of pensioner." The notes which, under Note 1 to Article 326 of the Civil Account Code, Volume II, are made on the treasury portion of the Pension Payment Order, must in this case be made in the audit register.

Gratuities.

341. Form 24 will serve at once for a register of the grant of gratuities and for their audit; on receipt of the order granting the gratuity and after check with the report of the Audit office, the first six columns should be filled up immediately and the order to pay it issued. The voucher must be the receipt of the person legally entitled to the gratuity, not that of the head of the office or department in which he formerly served. The amount of gratuity to be refunded by a person re-employed should be noted in the audit register, and the fact of re-payment of gratuity (Civil Service Regulations, 511 to 513) should be noted in the Remarks column when re-payment is *completed.*

1. Every quarter the gratuity register should be examined, and those gratuities which have remained unpaid more than three months noted, the District Officers concerned being addressed concerning them, and note of the reference made entered in the last column of the register.

Anticipatory Pensions

342 (a) A special audit register should be opened in Form 23, in which should be entered on the left side the orders for Anticipatory Pensions and Gratuities passed under Article 925 of the Civil Service Regulations (columns 6 to 9 being left blank), and on the right side, month by month the payments made against them The orders should be entered for the whole province in consecutive order, and when final adjustment of the payment is made against the final order granting the pension or gratuity, full note of it should be made in the Remarks column

(b) This audit [1]register must be reviewed by the Accountant General personally every half year (beginning of April and beginning of October), in order that he may see that no undue delay has occurred in the final settlement of the cases

1 When the final pension or gratuity is sanctioned, it should be dealt with in the pension or gratuity audit register as covering the anticipatory order, and not as being in continuation of it, and the order issued for payment of anticipatory pension recalled

It is not necessary that an Anticipatory Pension Payment Order should be recalled before the final order is issued All final Pension Payment Orders must, however, be forwarded to the Treasury Officers concerned under cover of a special letter in Form No 24 A The subsequent return of the Anticipatory Pension Payment Order, as contemplated by that letter should be carefully watched through the special audit register of anticipatory pensions in the "Remarks" column of which the date of issue of the final and the date of return of the anticipatory orders should be noted under the initials of the Gazetted officer in charge

Political Pensions

343 A special procedure in regard to the issue of pension payment orders in the case of groups of Political pensioners who are paid by, or are in charge of, a Political Officer is prescribed in Article 335, Civil Account Code Volume II A single order should be issued for the whole group in C A C Form 40 each entry having a number in the *prescribed column of the form, thus,* $\frac{330}{1}$ $\frac{330}{2}$ *and so on, when 330 is* the registered number of the whole document

Miscellaneous

Report of Death

344. (a) The death in India of every European pensioner other than a pensioner of the Army or Navy should be reported to the local Government by the Audit office which passed his pension bills This report should be submitted in C A C Form 31, *vide* Article 40, Civil Account Code, Volume I

(b) A quarterly statement should also be forwarded to the D[illegible] of the Royal Indian Navy showing the deaths within the quar[illegible] report, among pensioners of the Royal Indian Navy The [illegible] should show the name, rank and date and place of death.

1 The statement is due for [illegible] the quarter A blank statement need not be sent.

(e) An annual return of all retired members of the Services, including the Indian Civil Service, who died in India during the preceding twelve months and whose names had been shown in the last issue of the India Office List prior to the date of death, should be sent direct to the Editor, India Office List, so as to reach him before the end of December each year—*Vide* Article 40 (b) of the Civil Account Code, Volume I.

Transfer to London.

345. When payment of a pension is transferred to London, the last-pay certificate given to the payee must contain words declaring that no further payment will be made in India. The certificate should be in Form 25.

Commutation Reports.

345-A. When the application for the commutation of a pension is made simultaneously with the pension application, the Audit or Accounts Officer reporting on the title to pension will also report on the application for commutation. When, however, the application for commutation is made after the payment of a pension has been transferred—

(1) from one circle of audit to another,

(2) from India or from the Home Treasury to a Colony which is in account current with the Accountant General, Central Revenues,

the report on the application will be made, in the case of (1) by the Audit or Accounts Officer in whose books the pensionary charge is adjustable and in the case of (2) by the Audit or Accounts Officer who authorised the payment of the pension out of India, whether or not the pension is debitable to one or more Governments.

NOTE.—When a medical certificate is not furnished with a commutation case, the Audit or Accounts Officer should ask for it or a certified copy of it before reporting the commuted value of the pension.

346. *Deleted.*

347. *Deleted.*

Special Annual Enquiries.

348. All Accountants General are required, by 15th November each year, to make out lists of the pensioners, whether Political or Service, paid from each treasury, whose age is shown in the audit register to be over seventy ; and to send each list to the Treasury Officer concerned, with the request that the continued existence of the pensioners may be tested by special enquiries.

Auditors' Duties.

349. The following are the more important points for the attention of auditors :—

1. (a) See that the vouchers are in proper form.

(b) Check the details and the income-tax deductions (see Note under clause (k) of Article 131 and Article 45, Civil Account Code, Volume I).

(c) See that stamps are affixed when necessary and punched

(d) See that except in the case of pensions of persons who die before the issue of a pension payment order no pension is paid for which a pension payment order has not been issued and that only pension actually due has been paid, also that sanction has been obtained for payment of arrears

(e) See that the certificate that no pay was received from any Government office is invariably signed in the case of service pensions

(f) See that when a pensioner does not appear in person a life certificate is attached

(g) In the case of pensions terminable on marriage—

(i) see that the prescribed certificate is submitted every half year

(ii) conduct a full audit of the pensions paid in January and July in addition to the test-audit carried out under the provisions of Article 135,

(iii) make a note of the receipt of the prescribed declaration in the audit register of special pensions and

(iv) see that the treasury officer has furnished particulars and date of last payment in the case of pensions for which declarations have not been furnished in the months of January and July

(h) Record the payments in the proper registers—Political Superannuation or Special as the case may be

(i) Enface the vouchers showing clearly the detailed head or heads to which the pension should be debited

(j) Stamp them with the "Admitted" or "Objected to" stamp

No 86

Page 159, Article 349, Clause (l)—

Delete this clause

[Audit Code Vol I 1st Edn (2nd Rep) No 86 dated the 1st June 1936]

2 On the death of a pensioner see that the pension payment order is returned for cancellation

3 Note deaths and transfers in the audit register and pension payment order register and have the notes attested by a Gazetted Officer The entries in these registers should be scored through in red ink when a pension is permanently removed

4 Note Anticipatory Pensions in a separate register which should be laid before the Accountant General twice a year (beginning of April and beginning of October)

Chapter 14.—Interest Payment Audit.

Audit by Accountant General.

No. 28.

Page 160, Article 350—

Substitute the words "Public Debt Office, Reserve Bank of India" *for* the words "Imperial Bank of India" in the second line of this Article.

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 28, dated the 2nd September 1935.]

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1. Vouchers in which the signature of the disbursing officer or of the payee, or the particulars of the loan, or the numbers, or the capital sum of the several notes, or the number of half-years for which interest was paid, are wanting, should be returned for correction.

351. The Accountant General's audit of the interest vouchers (see Form IV in Appendix II of the Government Securities Manual) will be conducted in the following way. The auditor should see—

(1) that the amount entered in the column "Amount of half-yearly interest" is really one half-year's interest upon each amount stated in the column "Amount of each Note";

(2) that the "total amount due" is the half-year's interest multiplied by the number of half-years entered in the column provided for the purpose;

(3) that the "Amount due" column is correctly totalled, and the total correctly carried into the schedule (Form 14 of the Government Securities Manual), and into the proper column of it;

(4) that the receipt is properly signed, either by the person named as the holder or by his representative;

(5) that income-tax at the maximum rate is deducted from the amount of interest due, unless the owner of the security has produced, with his receipt for the interest, a certificate signed by the ~~Collector~~ Income-tax officer authorising exemption or levy of a lower rate, *vide* Paragraph 61 of Part III of the Income-tax Manual.

Lists for the Public Debt Office.

352. After this has been done, for each of the two schedules of payments, the auditor should put aside the schedules and total all the vouchers by loans, and number them consecutively for each loan, in blue pencil, in

the upper right-hand corner To each bundle should be added a covering list, in Form 27, of which the totals must be checked to see that they agree with the total debits in the month's accounts against each loan

NOTE—Bearer bond coupons and stock interest warrants should not be included in the lists of vouchers for interest payments on promissory notes, but there should be separate covering lists for each class of vouchers, *viz*, vouchers for interest payments on promissory notes, stock interest warrants and bearer bond coupons

353 The vouchers, together with the covering slips, should then be sent to the Public Debt Office, Calcutta, for further audit

354 These lists should not, however, be sent one by one, but should go together, as soon as completed, with a covering statement in Form 28 which is due for transmission on the last day of the following month

Audit by Public Debt Office

355 The Public Debt Office should post the payments from the vouchers into their audit registers and check them in the following respect (1) that the amount of the promissory note is correctly stated in the voucher, (2) that interest has not been twice paid for the same half-year

Chapter 15.—Deposit Audit.

Receipt Registers.

356. The extract registers of receipts of deposits, after being reviewed,[1] should be filed in district files, the re-payment columns for months already passed being first scored through, so as to prevent future errors.

NOTE.—The scoring through of the columns for the months already passed may be dispensed with at the discretion of the Accountant General.

Audit of Payments.

357. The extract re-payment registers, as received, should be taken up (after the necessary comparisons are made between the vouchers and the entries in the register, Article 204), and the re-payments examined by being posted in the proper column of the receipt registers or clearance registers against the entries of receipt. If the re-payment exhausts the balance at credit of the item, a line should be drawn from the last re-payment entry to the total re-payment column in which the total re-payment should be entered ; if the re-payment does not exhaust the credit, it will be found convenient to enter the balance in pencil under the last re-payment. At least 8 per cent. of these postings should be examined by some one other than the clerk who made them, and the examination should be extended to the amount entered in the third column of the extract register of re-payment as the amount or balance of the original deposit.

1. See items 8 to 13 under Article 135.

Clearance Register.

358. The receipt registers of any year provide for the entry of re-payments made during the same and the next account year. After that, the balances which do not lapse under Article 206, Civil Account Code, Volume I, will be detailed in the clearance register received from the treasury (Article 204, Civil Account Code, Volume I). The items in this register must first be agreed by the Superintendent of the section himself with the balances worked out against the several entries in the original extract receipt register, and then the latter should be laid aside and future re-payments recorded only in the clearance register. Space

is provided herein for record of re payments for two more years, and any outstanding balances after that will, in the ordinary course, be credited to Government

1 This return should be scrutinised in detail by a Gazetted Officer, and a half margin memorandum should be prepared, wherein should be noticed every item whose receipt, or long retention, is in any way remarkable This memorandum should be sent to the Treasury Officer, in order that he may give his explanation and return the paper in original for further consideration action and record

2 An intelligent supervision of the work of his section by the Superintendent is the chief security for its efficiency, and one important method of exercising this supervision is the examination of the clearance registers and statements of lapses That this examination may be complete, it is necessary that it should be carried out before the registers and statements are made over to the deposit checkers The balances to be carried forward into the clearance registers and statements of lapses should be first worked out in the receipt and clearance registers in use by the clerks concerned and then compared by the Superintendent with the new clearance registers and statements of lapses received The result of this examination will furnish the Superintendent with a good indication of the character of the work of his section.

Proof of Posting

359 When the re payments of any month have been posted in the receipt registers and the clearance registers (Form 28, Civil Account Code, Volume I), in the column for the month, totals should be made in the four years' registers in use, and these totals carried separately into the proper column of the proof sheet . Form 29 A total should be made on the latter in red ink of the figures for each district, agreed with the total of the re payment register of the district for the month, and ticked off by the deposit checker in token of the agreement The summation of the red ink district totals will give the provincial total of re payments during the month, and it should be compared with the charge in the ~~consolidated abstract~~ detail book and marked "Agreed" by the Superintendent Book Department The postings on the receipt side of the proof sheet made from the receipt registers should be similarly totalled and the provincial total for each month agreed with the ~~consolidated abstract~~ detail book After the close of the year the necessary entries in the last

No. 87.

Page 163, Article 359—

Substitute the words "detail book" *for* the words "consolidated abstract" in lines 11, 14 and 15 of this Article

[Audit Code, Vol I, 1st Edn (2nd Rep) No 87, dated the 1st June 1936]

Statement of Lapses

360 On receipt of a statement of lapses, the Superintendent must effect an agreement in detail between the amounts reported for credit by local officers and the balances worked out in the original extract receipt registers or in the clearance registers to which the balances were transferred The balances lapsing must be entered in these registers as well as in the proof sheet in the column headed "Lapsed and credited to Government," and the statement being verified by the Superintendent

will then be used for the preparation of the necessary transfer entry crediting the amount to Government. The particulars of the entry should be noted upon the statement.

1. The deposits of the Appellate Branch of the Calcutta High Court do not lapse till five years have expired.

2. See Rule 2 to Article 358.

Refund of Lapses.

361. When application is made for refund of a lapsed deposit, a note of it should be made against the entry of the deposit in the statement of lapses, which has already been tested by the method prescribed in Article 360. The officer who signs the order for refund should also initial the entry of refund order in the statement of lapses. The fact of payment should be noted in the number book of the orders, Form 30, under the initials of the Superintendent in the prescribed column.

NOTE 1.—In the case of repayments of deposits which are made after the original District Registers of Receipts have been destroyed (*vide* Note to Article 207, Civil Account Code, Volume 1) the audit of the refund will be confined to seeing that a lapsed deposit of the particular amount in question is actually outstanding in the statement of lapses, the verification of the claimants' title to the refund being left to the authority who signs the application for refund in Civil Account Code Form No. 30.

NOTE 2.—In case of lapsed deposits paid without pre-audit by the Accountant General, under orders of Provincial Governments, with the concurrence of the Auditor General, a note of the refund should be made against the entry of the deposit in the statement of lapses. It should also be seen that the item was really received, was carried to credit as lapsed and drawn by a person who might have drawn it any time before the lapse.

Plus and *Minus* Memorandum.

362. The deposit checker must be careful to see that the receipts, re-payments and balances are correctly brought forward in the *plus* and *minus* memorandum attached to the deposit accounts, and specially that any lapsed items are correctly written off. He should also see that the closing balance for March agrees with that of the proof-sheet.

Personal Deposits.

363. The audit of re-payments in the case of personal deposits is confined to seeing that there are proper vouchers in support of the amount repaid, and that the re-payments do not exceed the balance at credit of the particular account.

364. When Civil or other Courts bank with the treasury, themselves submitting the detailed accounts of deposits, the auditor, besides auditing these detailed accounts, must agree the totals of the receipts and payments with the figures reported from the treasury.

365 and 366. *Deleted.*

Deposits of Local Funds.

367. The receipts and payments at treasuries on account of Local Funds having banking accounts with Government are reported by Treasury Officers in *plus* and *minus* memoranda—see Article 525 of the Civil

Account Code, Volume II The entries in these memoranda should be checked by the district auditor, special attention being paid to balances so as to guard against any fund overdrawing its account, see Article 220 A of Civil Account Code, Volume I Overdrawals should always be brought to the notice of Government

368 The memoranda should then be posted in broadsheets, one for each Local Ledger Head under " Deposits of Local Funds ", in form 30 A

The total figures for receipts and payments for the whole province as shown in the respective broadsheets should then be agreed monthly with the Detail Book

369 If the local Government has ruled that expenditure incurred in the Public Works Department on the execution of works on behalf of a Local Fund should be charged to the " Deposits of Local Funds," *vide* paragraphs 467 to 471 of the Public Works Account Code, or if receipts in connection with Local Fund works are realised by Public Works Officers such charges and receipts should also be taken into account in working out the balances of the Deposits of Local Funds suitable alterations being made in the forms of *plus* and *minus* memoranda and of broadsheets The net additions to or deductions from the balances of each Fund on account of expenditure and receipts referred to above should be intimated to the Treasury Officer for correcting his memoranda and also to the administrators of the Fund

1 Arrangements should in addition be made for communicating to the administrators of Local Funds the details of the transactions in the Public Works Department when such transactions increase or decrease the balances under " Deposits of Local Funds "

Chapter 16.—Bill Audit.

General Explanation.

370. The check on issue and payment of Supply Bills and of Transfer Receipts will be carried out on precisely the same plan, and accordingly the word "bills" in the following instructions includes both "Supply Bills" and "Transfer Receipts,"—only the documents and registers for Supply Bills must always be kept distinct from those for Transfer Receipts. Articles 372 to 385 are worded as if they apply to local bills, but the procedure in the case of foreign bills follows the same course, with the exception of the differences explained in Articles 386 to 393.

371. It must be remembered that the check required is not merely the mechanical one, which sees that all issues are duly brought to account, but includes the further one of seeing that each is covered by due authority. The issue lists should, therefore, be reviewed by a Gazetted Officer or Superintendent, those of several districts being taken each month, and explanations of improper issues should at once be called for. It is not right in all cases to accept without question the allegation that a transfer receipt was granted for public purposes.

371-A. Remittance Transfer Receipts issued by Military Accounts Officers and paid at Civil Treasuries will be retained by the Civil Accountant General for audit and final custody (*vide* note under Article 53, Account Code). The Civil Accountant General should take care to check carefully the paid Remittance Transfer Receipts with the Treasury schedules before the latter are passed on to the Military Accounts Officers. The responsibility for seeing whether the Remittance Transfer Receipts have been issued in accordance with the conditions and limitations prescribed therefor will devolve on the Military Test Audit Staff.

Bill Checker.

372. The system of local bills check is not the same in all provinces, but it will generally be found convenient to entrust the final check, namely, that of each payment against the corresponding issue, to *one* clerk, the Bill Checker.

Issue Lists

373 On receipt, with the cash account, of the list of bills drawn on treasuries within the province, the district auditor will check the totals and agree them with the entries in the cash account, and after review will make over the lists to the bill checker who will paste them in files so arranged that three months' issue lists of one district for either class of bills will be kept together in order The district auditor will initial each issue list, and the answering entries in the cash account in certification of their agreement, and the bill checker must not accept the issue list without such initials

Paid Lists

374 Similarly, it will be the duty of the district auditor to make over each bills paid schedule, after he has checked it in detail with the vouchers, proved its total, and agreed it with the entry in the list of payments, and initialled it and the list of payments in token of such agreement The paid vouchers will be kept with the vouchers of the paying district in bundles or in a file, but arranged in the order in which they were received from the district, which will be the order of payment and of voucher number

Posting of Payments

375 The bill checker will take up the schedules of paid bills along with the quarterly files of issue lists, and in the latter post the amount of each payment in the column provided for the month of payment, observing whether in each case the amount paid exactly tallies with the amount of the bill issued

376 The payments in the month of issue and three following months will be posted in the issue lists in four separate columns and those during the rest of the first quarter succeeding the quarter of issue in one column After a month's payments have been posted, a line will be drawn across the column provided for the payments of that month against each unpaid bill, to prevent the payment of a subsequent month being entered therein The totals of the payments of each month will be shown separately at the foot of each column and initialled by the bill checker

377 At the close of a quarter the issues of the previous quarter remaining, unpaid will be listed on paper, foolscap size (Form 31) to be called " Old Bills List " , and the bill checker will initial each item in the issue lists as he transfers it to the old bills list in token of the amount having been transferred

378 At foot of the payment columns on the right hand page of the form, the total payments of each month (there will be very few) will be separately shown and initialled by the bill checker

379 After all the payments have been noted in the several issue lists of the months in which they were drawn and in the old bills lists, the total of the amounts so noted in the issue lists for each month and

the old bills lists must be entered in a monthly Agreement Sheet, Form 32. The grand total payments of the month should correspond with the total charge in the detail-books, and the total payments for each district can then be posted into the broadsheet mentioned in Article 381.

Check of Posting.

380. Before the unpaid bills are transferred to the old bills list they will be carried into the balance column of the issue list, and the total of the balances, *plus* the payments, will be agreed with the total of the issue list. The total of the amounts transferred to the old bills list will be agreed with the total of the amounts in this balance column.

381. The monthly district totals of payments on account of each year shown in the Agreement Sheet, as also the monthly receipts from the issue lists, will be posted into a Broadsheet of Local Bills, Form 33.

382. The monthly provincial totals at the end of the broadsheet will be agreed with the Detail Books, the differences of each month being shown at foot. At the close of the year the items making the net difference will be clearly stated, and the net difference will be carried forward to next year's broadsheet with the balances of each district. The Superintendent will satisfy himself that the work has been correctly done, and the Superintendent of the Book Department will initial the monthly totals in token of their agreement with the Detail Books.

383. There will be separate files for the issue lists of each quarter, which will be sent to the record-rooms as soon as the old bills lists have been posted from, and agreed with, the balances in them. The old bills lists and broadsheet will be printed and bound.

Lapsed Bills.

Credit to Government.

384. The balances left at the end of the third year after the year of issue will lapse, and be carried to the credit of Government in the final account for March. If the postings of payments on the issue lists and old bills lists have been duly agreed with the ledger entries of payments month by month, there should be no possibility of error in taking out these balances; but it will be convenient early in March each year to extract from the old bills lists all bills still unpaid, and from this statement to collect all drawn on each treasury and to forward lists thereof in Form 34 so as to reach the treasury concerned by the end of March, together with a letter in the following terms :—

"The bills detailed in the accompanying lists drawn in the year on the treasury are still not marked as paid in the records of this office, and if not paid before 31st current, will be carried by the undersigned to the credit of Government. Any which may be found unpaid at close of that day's business should therefore be marked off as "lapsed" in the check register of bills payable; their total should be deducted from the statement of liabilities of the treasury, and the accompanying list filled up and returned. The date of payment or cancellation of any bill here wrongly shown as outstanding should be entered in the column of Remarks, so that bills unmarked will be taken as lapsed. Any bills not mentioned in this memorandum, which from the check registers of bills payable may appear to be outstanding, should be noted at foot. Bills which have lapsed cannot be paid without the special sanction of the undersigned."

Payment

385 When sanction is given to payment of a lapsed bill, it should be noted in the extracted statement of outstandings, on which the date of payment should also be recorded on receipt of the paid voucher with the list of payments

Foreign Bills

386 With regard to foreign bills, the procedure differs in several points which are explained in the following Articles

Consolidated Issue List

387 After check of the issue lists against the cash accounts, the district auditors will transfer them to the bill checker, who will post the details in lists for the several provinces in Form 35, arranging the drawing treasuries in the order of the separate publication entitled "List of Treasuries and Sub treasuries in India" The posting should be totalled afresh in order that the district total carried into column 6 of the forms may be checked by the total given in the district statement The list of foreign bills paid (see next Article) should then be obtained from the district auditors, and the details of their cancellation will be posted in red ink at foot of the outgoing lists of bills drawn These provincial lists will then be severally presented to the Book Department for agreement with the credits (and the charges under cancelled bills) in the detail books, and will then be despatched to the Accountant General concerned without further delay the due date for transmission being the 10th of the second following month except in the case of the Accountant General, Central Revenues, where it is the 17th of the second following month No office copy of the lists need be kept

1 In the case of entry of a bill drawn on Nowgong without the addition of Bundelkhand or Assam or on Hyderabad without the addition of Deccan or Sind, the district auditor should at once write to the drawing treasury, in order to make sure that the entry has not been made in the wrong form, if a mistake has occurred a memorandum of correction should at once be sent to the Accountant General of each province, and the error corrected by entries in the next list despatched.

Treatment of Cancelled Bills

388 If any bill drawn on another Government has been cancelled, its amount will be charged in the schedule of foreign bills paid, submitted by the re-payment treasury (see Article 387 of the Civil Account Code, Volume II), the entry being supported by the cancelled bill, and the district auditor will in red ink deduct from the total of each province the amount of bills cancelled so that there may be, for each province, a pair of figures—one set representing the payments on cancellation of bills locally drawn on other provinces, and the other those of bills drawn by other provinces

Correction of Errors

389 If a bill drawn on one province has been wrongly entered in the list of bills drawn on another, it will be treated in the next list sent

to the province which has been wrongly credited just as though it had been cancelled, and will be entered in the list sent to the province actually drawn on as a new transaction.

Check of Payments.

390. The check of bills paid with the issue lists received from other Audit offices and with the old bills lists will be conducted in the same way as that of local bills. The first duty of the bill checker, on receiving a new list of bills drawn, will be to mark off all the bills reported on it as cancelled, by noting the month in the proper column, but he will enter 0-0-0 in the column of "Amount paid" instead of the amount of the bill. The monthly proof of posting by comparison with the Detail Books will be effected as in the case of local bills, the name of the province being entered in the broadsheet in place of that of the issuing treasury.

Lapsing of Bills.

391. At the close of each year the old bills lists for the third preceding year will be taken up, and a list of all bills still unpaid should be prepared for each treasury drawn upon, in the same way as for local bills. These will be forwarded to the Treasury Officers concerned for verification. On the return of these original statements the amount of lapsed bills will be adjusted to credit of "XXXV.—Miscellaneous" and debit of "Foreign bills"; any future payment of such a lapsed bill will be charged to Refunds, as in the case of local bills.

Accounts.

392. The amount shown in the consolidated issue lists will be credited in the Account Current with the province drawn upon under head III or IV, sub-heads Foreign Supply Bills payable and Foreign Remittance Transfer Receipts payable; and the amount of cancelled bills (including bills wrongly entered in the issue list of one province but subsequently transferred to another province) will be charged to the head which received the original erroneous credit. The province drawn upon will respond by debit or credit to Account Current with the drawing province by credit or debit to "T. Remittances," under the local ledger heads, 'Foreign Supply Bills' and 'Foreign Remittance Transfer Receipts'. Credit even for a bill wrongly entered will be accepted, though the error will be noticed in the Objection Statement, in order that it may be corrected in a subsequent account, the debits for such corrections being checked with the original credits.

393. The payments of the bills will be charged direct to the head "Foreign Supply Bills" or "Foreign Remittance Transfer Receipts" in the accounts of the province drawn on.

1. Although the bills of the several drawing provinces are lumped together, without distinction, under "Foreign Supply Bills" and "Foreign Remittance Transfer Receipts," the forms in which treasuries report their payments should not be changed, as the separate details there given will facilitate finding the entries.

Military Treasure Chest Bills

394 On receipt of the issue lists from the drawing treasuries, the auditor will credit the amount to Account Current between Civil and Military under head I and make over the lists to the bill checker who will carry out the check as in the case of local bills

395 The paid lists will be received with the Military Exchange Accounts, and the balance of bills outstanding will therefore be verified by the Account Current Branch, and not by the Book Branch as in the case of local bills

Chapter 17.—Remittance Audit.

Remittance Check Register.

396. For the check of local remittances, a register (Form 36) will be maintained, of which the pages should be neatly ruled in blue ink before the book is bound. The first part of the register will record the cash remittances between treasuries within the province, and thereafter separate sheets should be set apart for remittances between treasuries and each of the departmental officers (other than Public Works and Forest officers) rendering accounts to the Civil Accountant General, such as those of the Customs, Opium and other Departments and small coin depôts. For such of these departments in final account with the Civil Accountant General as both send cash to Civil Treasuries and also draw cash thence to be credited by themselves and accounted for, two sheets will be required, one for the debits of Revenue Treasuries to be answered by departmental credits, and the other for departmental debits to be met by credits in the treasuries. For departments with which Accounts Current are exchanged, such sheets will not be necessary.

1. The check on foreign remittances is effected in the office of the Controller of the Currency.

2. The procedure for checking Public Works and Forest Remittances is described in Chapters 32 and 39, respectively.

Posting the Register.

397. On receipt of a list of payments, as soon as the vouchers for miscellaneous payments have been checked with it, and before audit commences, all remittances charged should be posted in the remittance check register by the district auditor concerned; and, in like manner, on receipt of the cash account, the first operation should be to post the acknowledg ments of remittances in the same register against their respective debit In the rare case of a credit preceding a debit, it should be posted again the first vacant line of debit, and should be pointed out to the auditor whose account the debit must be looked for, in order that he may watc for it and post the answering entry in the proper place.

Differences.

398. When the credit does not tally with the debit, the auditor who posts the credit must bring the difference to the notice of the debiting auditor, in order that he may proceed to its adjustment. The unadjusted balance will be carried forward, and the adjustment when made must be noted in the remittance check register.

NOTE.—In the case of remittances between treasuries under the audit of the Accountants General, Punjab, United Provinces, Bengal, Bihar and Orissa, Central

Provinces and Bombay and the Comptrollers, North West Frontier Province and Assam a list of unadjusted debits and credits is made out and entered in the details of remittances in transit in Form III, which under Article 420 (b) of the Code of the Currency Department, is forwarded to the Deputy Controller of the Currency for verification Any discrepancy in the list of remittances in transit brought to light by the Deputy Controller of the Currency should be reconciled in correspondence either with him or with the treasury concerned

Agreement with Detail Books

399 ~~As soon as all the Classified Abstracts have been made over to the Detail Book posters, the Treasury Audit~~ Sections should total the

No. 89.

Page 173, Article 399—

Substitute the following *for* the first two lines of this Article —

" As soon as the posting of the Detail Book is commenced, the District Auditor should total the "

[Audit Code, Vol I, 1st Edn (2nd Rep), No 89, dated the 1st June 1936]

... the Currency, *vide* Note to Article 398

400 If any remittance has remained outstanding for an undue time, enquiry should at once be instituted

Entry in Accounts

401 Cash remittances from one treasury to another of the same audit circle are classed as ' local cash remittances ' and adjusted under the head ' Cash remittances between treasuries ' Cash remittances between treasuries in different audit circles are debited and credited to the head ' Foreign Remittances ' The Controller of the Currency watches the adjustment of the transactions pertaining to the latter head, see Article 115 of the Resource Manual and Articles 424-428 of the Currency Department Code

Small Coin Depôts

402 The accounts of small coin depôts or sub depôts should be dealt with as departmental cash accounts (Chapter 5) Remittances within the province between depôts and depôts or between depôts and treasuries, should be treated as " Local Remittances " and entered as such in the check register and in the accounts

403 Remittances to or from depots in other provinces should be dealt with as " Foreign Remittances "

Chapter 18.—Miscellaneous Audit.

General Rule.

404. For some payments falling under this head there is no prescribed rule regarding the record of audit. But in every case, even when the audit is not specially recorded, the auditor must see that he has a sufficient voucher and sufficient authority to pass it.

1. See items 8 to 13 under Article 135.

Special Charges.

405. The register prescribed in Article 313 affords the means of recording the audit of specially sanctioned charges, whether reckoned as contingent expenditure or not.

Cost of Land.

406. Payments for the cost of land taken up under declarations issued by the various departments of Government, together with such expenditure in connection therewith on establishment and contingencies as is, under the rules in Article 118 of the Civil Account Code, chargeable to the department for which the land is acquired, should be debited in the Civil accounts as charges adjustable by the department concerned. If the land is acquired for any local fund, the expenditure will ordinarily be charged to the fund.

1. All payments by special officers acting as disbursers of another department are accounted for direct to the authorities of that department.

2. In the case of land acquired for Railway purposes, it should be seen that the capitalised value of the abatement of land revenue when chargeable under the "Revised rules relating to the acquisition of land for Railway purposes" is correctly debited to the capital account of the Railway concerned.

407. Advances drawn by the Collector under paragraph 14 of Appendix 7 of the Civil Account Code, Volume I, will be held as "Advances Recoverable" on the books of the Accountant General till they can be adjusted under Article 406.

Alienation of Government Land.

408. On receipt of the sanctions referred to in Article 231, Civil Account Code, Volume I, Audit Officers should satisfy themselves that the sanctions accorded by the local Government do not involve the breach of any one of the canons of financial propriety. See also Article 421.

Refunds

409 In the audit of charges for refunds, the principal points to be examined are that they have been made under sufficient authority and that they are supported by duly receipted vouchers in proper form (Form 17, Civil Account Code, Volume 1), containing a certificate of note of the refund against the original credit in the Departmental accounts and the Treasury or Sub treasury Officer's signature in proof of credit into the treasury whether singly or in a lump sum

In cases where full details of the revenue under the head are given in the treasury accounts or other documents as rendered to the Audit office, a note should be made against the item of receipt in the original accounts received from the treasury, so as to prevent a double claim, but in cases where the credit is shown in the treasury accounts in a lump sum, as in the case of Land Revenue, Excise, Taxes on Income, etc, no note need be made against the aggregate credits

1 For refunds of fines the note should be made in the statement of fines in those Audit offices where it is still received from the Court (See Article 35 of Civil Account Code, Volume I)

2 Refunds of the value of spoilt stamps are checked against entries of corresponding receipt in the *plus* and *minus* memorandum No check can however, be exercised over the refund of stamps duty allowed by Civil Courts

3 Refunds of the value of unclaimed currency notes credited to Government may be made on a certificate from the Currency Office showing the date on which the amount was credited to Government and stating that it is payable to the claimant, but in every case the order for refund requires the sanction of the Accountant General. Whenever any sums are ordered to be paid into the treasury on account of unclaimed currency notes the Deputy Controller of the Currency will furnish a list giving particulars of the notes of which the amounts are composed, and the credit when it appears in the treasury account should be noted at foot of the statement When any refund is sanctioned, it should be noted against the corresponding entry in the credit list.

4 Refunds of Income-tax are made under the rules in Appendix 2 to the Civil Account Code, Volume I

5 In the case of refunds of Customs revenue it is the duty of the officer in charge of local audit to see—

(1) that the refunds are sanctioned by competent authority and are in accordance with the provisions of the Sea Customs Act,

(2) that proper entries have been made in respect of refunds and draw backs on the original documents of receipts on which they have been allowed, *e g* bills of entry, shipping bills, register of miscellaneous receipts, etc,

(3) that they are otherwise in order

When refund vouchers accompanying the list of payments of the customs treasury are received in the Audit Office it should be seen—

(1) that the payment order is correct,

(2) that, arithmetically, the voucher is in order, and

(3) that it bears a legal quittance and is stamped, if necessary

Discount on Stamps

410 The procedure in auditing discount on stamps varies In some provinces the discount is entered in a schedule against each item of sale, and a receipt is signed by the vendor on or apart from the schedule, the

Chapter 19.—Audit of Receipts.

General Duty of Accountant General.

421. The Audit Department will audit receipts to the extent to which the Auditor General is required by the Governor General in Council to undertake this duty. An Accountant General will, however, supply the local Government with any comments on the progress of the revenue collections which it may require. Lists showing the accounts of receipts, of revenue and of stores and stock in the possession of an officer or a Department of Government the audit of which has, under Rule 12 of the Auditor General's Rules, been entrusted by the Governor General in Council to the Audit Department should be maintained in each Audit office and reviewed and corrected periodically. In addition to the items shown in those lists, the Audit Department has also been entrusted by the Governor General in Council with the audit of sanctions relating to the grant of land and alienation of land revenue.

The submission of the returns mentioned in Article 29-A of the Civil Account Code, Volume I, regarding remissions of, and abandonments of claims to, revenue, does not in itself connote any extension of the powers of the Audit Department for the audit of receipts. The Accountant General will not audit the exercise of the power of sanctioning writes-off by various authorities as indicated in the returns without a specific order under Rule 12 of the Auditor General's Rules.

NOTE.—The audit of the receipts of the Customs House, Karachi is entrusted to the Audit Officer, Lloyd Barrage and Canals Construction.

422. As regards certain classes of receipts specified below, special instructions are given, but it is a general rule that no debt due to Government should be left outstanding on the books without due and sufficient reason. The Audit office should exercise constant and watchful care over such outstandings, suggest to the departmental authorities any feasible means for their recovery, and, at least once a year, fully review them all. Whenever any appears to be irrecoverable, orders for its adjustment should be demanded. But, unless permitted by any rule in an authorised Code, no sums may be credited to Government by debit to any suspense head; credit must follow, and not precede, actual realisation.

Departmental Revenue.

423. In the case of departmental revenue, the Accountant General should report to the revenue controlling authorities, by the 10th of the second following month, the amounts received and brought to account,

to enable those authorities to compare the amounts with the departmental returns of demands and realisation It is not the duty of the Accountant General to enter into correspondence for the purpose of settling differences save as expressly provided in the rules of this chapter

1 The procedure in respect of irrigation and navigation revenue collected in the Civil Department is stated in paragraph 2[illegible]2 of the Public Works Account Code

Stamps and Opium

424 The realisations by sale of stamps and of excise opium are reported to the revenue authority concerned for comparison under the last rule, but, besides this, the value of stock is reported with the treasury accounts in a *plus* and *minus* memorandum Of this the opening balance should always be compared with the last month's closing balance Of the additions to stock, a periodical return is received from the Controller of Stamps, or other revenue authority, and these must be traced into the *plus* and *minus* memoranda The deductions from stock must be accounted for either by an entry in the cash account of the value received, or by credit acknowledged by some other officer to whom remittance has been made, or by sufficient authority for the write off

1 In these and all other cases in which it is prescribed that agreement should

No. 105.

Page 181, Article 425, Rule 1—

Substitute the words "Controller of Stamps" *for* the word "Controller" in line 1 of this rule.

[Audit Code, Vol I, 1st Edn (2nd Rep), No 105, dated the 1st June 1936]

[illegible] these depôts direct to the Central Stamp Store

No 12

Page 181, Article 425—

(i) *Rule 2.* For the words "rule 23 (*b*)" *substitute* "rule 47" in this Rule

General of the province in which the depôt receiving the supply is situated A copy of the acknowledgment is furnished by the receiving depôt through its Accountant General to the Accountant General of the province in which the depôt making the issue is situated

4 The Accountant General checks that there are entries of receipts in the *plus* and *minus* memorandum corresponding to each copy of invoice mentioned above to each entry of issue of stamps to this depôt in the *plus* and *minus* memorandum of any other depôts in his jurisdiction and to each amount debited in the treasury accounts relating to the same depôt as refund of the value of unserviceable and spoilt stamps, and also checks the entries of issues by comparison with the amounts credited in the treasury accounts as receipts for stamps sold or with the entry of receipts in the *plus* and *minus* memorandum of another depôt if stamps were issued to another depôt in the same province, or with the entries in the copies of acknowledgments mentioned above.

5 The verifications are noted upon the documents mentioned in Rules 1 to 3 above

6 Under Rule 34 Appendix 0 to the Civil Account Code the Accountant General

(ii) *Rule 6.* For the words "rule 33" *substitute* "rule 34" in this Rule

[Audit Code, Vol I, 1st Edn (2nd Rep) No 12 dated the 1st [illegible] 193[illegible]

death, dismissal, or any other cause In case of re transfer, the service book should be called for and the fact noted

1 In the case of Government servants who are already in foreign service of the first or the second kind under the rules in force prior to 1st January 192? the register in the old Civil Account Code (7th Edition) Form 121 should still be used

2 For foreign serv ce of the third kind under the old rules in force prior to 2nd August 1913 s e Article 435

3 In the case of a non gazetted Government servant transferred to foreign service the Superintendent should further have the fact of the transfer distinctly noted in the last Annual Book of Establishment

429 A broadsheet should be maintained in Form 39 separately for contributions creditable to (1) the Provincial Government and (2) the Central Government All contributions shown in the cash accounts which are creditable to these Governments as well as contributions creditable to the Provincial Government which are shown in inward exchange accounts, should be posted into the broadsheet and the total of the broad sheet should be reconciled with the Detail Book Thus completed the broadsheet should be submitted to the Gazetted Officer in charge

430 In posting the second money column of the broadsheet the monthly rate at commencement of the year should be entered and sub sequent alterations should be entered below, with the date from which each rate takes effect. The posting of the third money column, *viz*, *" Total due " should not be made until the close of the year*

431 The Accountant General is responsible for seeing that all con tributions due as per Form 39 are paid on due dates that Government servants in foreign service are given prompt intimation when their con tributions fall into arrear and that they are informed of the penalties to which they become liable owing to non payment

432 *Deleted*

432 A If a Government servant in foreign service in India is grant ed leave otherwise than in accordance with the rules applicable to the service of which he is a member the Audit Officer shall on the fact coming to his notice require the leave so granted to be commuted to the leave for which the Government servant is eligible under rule and call upon him to refund any leave salary in excess of the amount admissible

432 B If a Government servant is transferred to foreign service out of India the Audit Officer concerned will be responsible for obtaining from him at the time of transfer a declaration showing that he has read and understood the rules which are to regulate his leave

Miscellaneous

433 Of recoverable over payments and of miscellaneous advances due to Government a sufficient record exists in the objection books of loans and revenue advances a subsidiary Loan Register is kept (see Account Code) which gives full information of the amounts payable both on account of interest and of principal

Special Recoveries.

434. For special and important recoveries a combined register and broadsheet should be kept in Form 40 by each departmental Auditor. In it are to be entered all amounts to be received and recovered by the Accountant General which do not find a place in the Objection Books or in some other prescribed register, and which, not being recoveries of amounts charged to special heads of "advances," will not come under review in the Annual Balance Sheet. Such are treaty dues, and contributions from municipalities, Indian States, etc., and other recoveries arising from special orders.

435. In the case of recoveries made (*i*) under Rule 127 of the Fundamental Rules (and subsidiary Rules framed thereunder), or under Article 783 of the Civil Service Regulations, (*ii*) under Article 802 of the Civil Service Regulations, and (*iii*) on account of establishments in foreign service of the third kind under the Foreign Service Rules in force prior to 2nd August 1913, where the rates may be subject to frequent changes, the Accountant General may, if the combined form is considered unsuitable, allow, at his discretion, the use of the separate register and broadsheet in Forms 41 and 39-A, respectively. The particulars of such recoveries should be entered in Form 41, a separate number being assigned to each recovery. The recoveries actually made should be posted monthly into the broadsheet in Form 39-A. The register and the broadsheet should be maintained in the manner described in Articles 428 to 430.

The register and broadsheet should be kept according to the different classes of recoveries, there being a separate page in the register and a separate broadsheet for each head of account to which recoveries are credited.

436. The combined register and broadsheet prescribed in Article 434 and the broadsheet prescribed in Article 435 should be submitted monthly to the Gazetted Officer in charge for scrutiny.

Chapter 20 —Service and other Funds

Indian Civil Service Provident Fund

437 Deductions from the bills of members of the Indian Civil Service on account of the Indian Civil Service Provident Fund should be credited to "O—Unfunded Debt—Savings Bank Deposits—Bank Account"

1 For rules regarding the maintenance of the accounts of this Fund in India see Rule 1 to Article 456

Indian Civil Service Family Pension Regulations

438 The subscriptions under these regulations are credited to the minor head relating to it under "XXXIII—Receipts in aid of Superannuation etc" Each Accountant General sends to the Accountant General Central Revenues a list in Form No 42 of the subscriptions received monthly with a certificate to the effect that the total agrees with the credits in his accounts

A consolidated list for the year, with similar certificate of agreement with the accounts should also be sent to the Accountant General, Central Revenues not later than the middle of September of the following year Any discrepancy between the totals as shown in the consolidated certified list and the totals of the monthly certified lists already furnished should be clearly explained or else, a 'no discrepancy certificate' should be furnished

NOTE—The certified list for March final should be sent by the end of August at the latest Any adjustment coming to light after close of the accounts for March

final should be excluded from the accounts of that year and incorporated in the accounts of the following year, that is, in the accounts of the financial year then current.

439. This list should contain the names of all subscribers; *vide* Article 248, Civil Account Code, Volume I. Reasons for non-recovery should invariably be stated in the remarks column. If an officer is on leave, the period of leave granted to him and the date up to which his subscription has been or will be recovered in India should be stated. The date up to which subscription has been paid by an officer prior to his transfer to another Audit circle and the name of the Audit circle to which he has been transferred should also be stated. Particulars relating to recoveries for a broken period should always be furnished.

440. The Accountant General, Central Revenues, is responsible for keeping the record of recoveries on account of each subscriber, and seeing that correct subscriptions are realised.

441. In order that claims to admission to pension preferred in England by the families of subscribers may be expeditiously dealt with, the Accountant General, Central Revenues, will send quarterly to the Director of Funds, India Office, two statements—one showing the names of subscribers who have died during the quarter, and the other showing admissions and casualties during that period.

442. He will also send half-yearly to the Auditor General, for transmission to England, as soon after the closing of his accounts for September and March (final) as possible, but not later than the first week of January and the 30th November of the following year, a statement showing the receipts and charges in India under the Indian Civil Service Family Pension Regulations.

Superior Services (India) Family Pension Fund.

442-A. The accounts of the Superior Services (India) Family Pension Fund, which came into existence from the 1st September 1928, are kept in England in sterling by the Controller of Pension Funds at the India Office. The Accountant General, Central Revenues, who is the Account Officer for the fund in India, is responsible for keeping the record of recoveries on account of each subscriber and seeing that correct subscriptions are realised. Quarterly returns of all admissions to the voluntary section of the fund, as well as changes in existing contracts, cessations, etc., are also forwarded by him to the India Office. In the case of compulsory subscribers, quarterly returns, similar to those furnished in the case of the Indian Civil Service Family Pension Fund, are sent. The Accountant General, Central Revenues, also submits to the Accountant General, India Office, on the 31st January and the 31st August, a half-yearly statement of account showing the receipts and charges in India of the Fund.

442-B. The conditions of personal eligibility to subscribe to the fund are laid down in Rules 6 and 18 of the Fund Rules. The subscription payable is communicated by the Accountant General, Central Revenues, to the officers concerned and to the account officers who audit their pay, any alteration in the rates being similarly advised. All subscriptions

... principles enunciated above are, for the most part, ... of the Public Works and Forest Departments ... subject are described in Parts IV and V ...

Balances.

... The balances of departmental accounts are not to be ... but an entry will be made upon the receipt side ... Rs. 0," or upon the charge side of "Balance ... the total of the receipt side may be equal to ... These figures will be credited or debited ... "Departmental Accounts", except in the case of ... which should go to "Small Coin Depôt Balance ... of "Balance diminished" or "Balance increased" ... upon the account itself.

Small Coin Depôts.

... The accounts of the small coin depôts and sub-depôts as ... should be examined and then pasted in a file, so arranged th... accounts of the same depôt or sub-depôt may be laid together ... Accountant General will prepare from these accounts one Classified Abstract of the depôts in his province in Form 59, and include in his monthly Cash Balance Report a memorandum sho... balances of the several kinds of small silver, nickel, and br... copper coin in each depôt or sub-depôt. The accounts will b... under the following heads :—

Small Coin Depôt Remittances.—(Coins remitted within the same ...

Mint Remittances.—(Coins remitted to or from Mint; this head in the Central Revenues and Bombay accounts only).

Foreign Remittances.—(Coins remitted to or from another Province)

Small Coin Depôt Balances.—(Small silver coin balance decreased or Nickel coin Balance decreased or increased. Bronze and ... balance decreased or increased).

Note 1.—Remittances that may be in transit at the close of a month are ... less to be charged in the accounts, but remittances should be made, ... possible, in such time as to admit of arrival at their destination within the ... despatch. Should any remain in transit at the end of a month, there ... outstanding under the Remittances Head, no adjustment under the pro... Article 509 being admissible.

Note 2.

Chapter 25—Departmental Cash Accounts.

Cash Accounts

502 Besides the treasury accounts, the Bank Sheet and the account of Presidency payments other accounts are received from officers or departments in direct account with the Accountant General, such as Opium Agents and Collectors of Customs or stamp revenue, small coin depôts and sub depôts These accounts should, as far as possible, be dealt with in the same way as treasury accounts the receipts and payments being passed through the same form of audit, and the classified and Consolidated abstracts prepared in similar form with suitable modifications where necessary

503 The procedure as regards Objection Book and Adjustment Register will also be the same as applies to treasury accounts, and the general statement of account will be entered in the Classified Abstract in the following form, the receipts being always equal to the payments —

Month.	Receipts as per Classified Abstract.			Payments as per Classified Abstract			Difference in balance												Initials.
							Opening balance			Closing balance			Decrease			Increase			
	Rs	a	p	Rs	a	p	Rs	a	p	Rs	a	p	Rs	a	p	Rs	a	p	

1 Rules have already been prescribed for the watching of remittances between these Departments and the treasuries (see Chapter 17)

from the Remittance Check Register (Form 36) should be posted accordingly. The entire amount of the opening balance should then be posted under disbursements, and that of the closing balance under receipts (care being taken that the amounts entered here as receipts and disbursements are also posted into the Detail Books as receipts and disbursements, respectively, under the head "Cash Remittances between Treasuries").

Completion in Book Department.

510. In order to effect an agreement with the Consolidated Abstract (*vide* Account Code), the Statement of Disbursers' Accounts must be completed in the Book Department by entry in it of the amounts which pass into the accounts through the Exchange Account Abstract and transfers.

Exchange Account Abstract.

511. Next below the amounts mentioned above, the totals of the items entering the accounts through the Exchange Account Abstract (*vide* Account Code) should be entered.

Transfers.

512. An abstract, in the following form, of the entries in the Combined Transfer Ledger and Abstract (Account Code Form 32) must be drawn up at foot of that document :—

Debits.						Nature of heads.	Credits.					
A Deduction from Receipts.			B Additions to Disbursements.				C Additions to Receipts.			D Deductions from Disbursements.		
Rs.	a.	p.	Rs.	a.	p.		Rs.	a.	p.	Rs.	a.	p.
323	0	0	..	..	..	Revenue heads . .	134	0	0	..	..	..
..	..	..	1,247	0	0	Service charges . .	..	..	..	721	0	0
..	..	..	1,117	0	0	Debt and other heads	1,832	0	0	..	..	..
323	0	0	2,364	0	0	TOTAL .	1,966	0	0	721	0	0
			2,687	0	0	TOTAL DEBITS AND CREDITS .				2,687	0	0

Column C diminished by Column A 1,643

Column B diminished by Column D 1,643

1. The figures are inserted to show how the calculations are made. Those in the first three lines are taken, by totalling, from the Transfer Abstract; the *fifth line* is found, on each side, by adding the pair of figures in the fourth line, and must be agreed, before going further, with the totals of the Transfer Abstract; the figures in the sixth and seventh lines are brought out, by subtraction, from the fourth.

513. The figures in the last two lines (which will always be equal), will then be posted in the Statement of Disbursers' Accounts against the head "Transfers."

Check of Totals.

514 The form thus prepared brings together the aggregates of the

No. 95.

Page 217, Article 514—

Substitute the following *for* the words "so furnishes an effective........ of the consolidated Abstract" in lines 3 and 4 of this Article :—

"so furnishes an effective check on the grand totals of the several consolidated abstracts as made out in the Abstract of Major Head Totals (Article 200 of the Account Code)"

[Audit Code, Vol I, 1st Edn (2nd Rep), No 95, dated the 1st June 1936]

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A Deduction from Receipts.			B Additions to Disbursements.				C Additions to Receipts.			D Deductions from Disbursements.		
Rs.	a.	p.	Rs.	a.	p.		Rs.	a.	p.	Rs.	a.	p.
323	0	0	..	..	..	Revenue heads . .	134	0	0	..	..	..
..	..	..	1,247	0	0	Service charges . .	..	..	..	721	0	0
..	..	..	1,117	0	0	Debt and other heads	1,832	0	0	..	..	..
323	0	0	2,364	0	0	TOTAL .	1,966	0	0	721	0	0
			2,687	0	0	TOTAL DEBITS AND CREDITS .				2,687	0	0

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513 The figures in the last two lines (which will always be equal), will then be posted in the Statement of Disbursers' Accounts against the head " Transfers "

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[Audit Code, Vol I, 1st Edn (2nd Rep), No 95, dated the 1st June 1936]

PART IV.

PUBLIC WORKS AUDIT.

Chapter 27.—General Arrangements of Works Audit Department.

Introductory.

515. The Works Audit Department is responsible *for the audit and* accounting of those transactions of the *Public Works Department which* are brought to account by Divisional Officers of the Department in accordance with the *rules in the Public Works Account Code.* The transactions of a month are first subjected to a preliminary audit check by *the Divisional Accountant, who is a member of the Accountant General's establishment, and then consolidated and compiled by him into prescribed forms of account (Monthly Account, P. W. A. Form 80, with supporting* schedules, etc.) for, and under the supervision of, the Divisional *Officer. These compiled accounts and other periodical accounts and* returns are received in the Audit office over the signature of the Divisional *Officer.*

516. The Works Audit Department is also responsible that the initial and other accounts of Public Works officers, which are *not rendered to* the Audit office for audit centrally, are subjected to a *local audit and* inspection regularly. The detailed *instructions for conducting the audit* and inspection and for dealing with the results *thereof* are given in *Chapter 44.* Each auditor should keep carefully a note of all points *noticed in the course of central audit, which, from time to time, he may be ordered to note for the Inspecting Officer's information, and see* at all the points are *duly reported to the Inspecting Officer as required by Article 834.*

1. It may also be arranged that similar points *noticed by other audit sections should be communicated to the auditor in the Works Audit Department to be noted by him*

Office Arrangements.

517. The Works Audit Department should be divided into small sections, each with a Senior Accountant or Accountant in charge. The primary responsibility for the audit of the accounts of Public Works

divisions, and other work connected therewith, posts with auditors who should be experienced clerks or [illegible] Accountants.[1] The actual distribution of work which should be [illegible] in the Office Manual will be settled by the Accountant General according to local requirements. The employment of sub-auditors [illegible] should be governed by the following considerations:—

(1) The responsibility for audit should, as far as possible, be undivided.

(2) As a general rule, a clerk should not be employed as an auditor until he has worked as a sub-auditor.

(3) A sub-auditor who has gained experience should be entrusted with more important work.

1 The term "Accountant" [illegible] includes a Divisional Accountant attached to the Audit office.

2. An Accountant, selected for holding the charge of a Works Audit Section, must have had at least one year's training in the duties of a Divisional Accountant in a divisional office.

518 The auditor is primarily responsible for all audit work in connection with the accounts of one or more divisions allotted to him. He will audit the Monthly Accounts and periodical returns received from those divisions and deal with all returns, statements and correspondence connected with the audit. It is optional, however, with the Accountant General to entrust to the Treasury Audit Department the audit of Public Works Contingent bills included in divisional accounts. Where this is the arrangement, the contingent bills (with supporting vouchers) received with the Monthly Accounts will be transferred to the Treasury Audit Department and the auditor will be responsible for seeing (1) that the bills which he transfers agree with the entries in the Classified Abstract of Expenditure, P. W. A. Form [illegible] (2) that the vouchers and other enclosures to the bills are complete, (3) that the bills (with enclosures) are returned by the Treasury Audit Department after audit and (4) that, unless separate objection books are kept in the Treasury Audit Department, any objection taken by that department is duly recorded in the objection book maintained in the Works Audit Department and notified to the Divisional Officer.

Audit Procedure.

519 Audit should be conducted in accordance with (1) the general rules and principles laid down in Chapter 5 and (2) the special procedure applicable to each class of transactions as set out in the relevant chapter of this Code and with due regard to the relevant rules in the Public Works Account Code and the financial rules of the Government concerned.

520 The auditor examining a voucher or schedule should record the necessary particulars in the proper section of the Works Audit Register, unless there is a rule to the contrary. In token of this he should initial all the documents from which the register [illegible]

obtain the initials of a member of the superintending staff appointed for the purpose, in all cases where, under the rules in Article 523, the latter is required to initial. For this purpose, a suitable enfacing stamp may be used, *vide* Article 673.

NOTE.—Here and elsewhere, the term "Superintending Staff" should be held to mean only Senior Accountants and Accountants and such Divisional Accountants as may be attached to the Audit office.

521. The Works Audit Register should be posted at the same time as the audit of the voucher or schedule is being conducted. No Audit office can be considered free from arrears, unless the establishment is able to complete both posting and audit within the allotted time.

Appropriation Audit.

522. (*a*) It is an important function of audit to watch the progress of expenditure against appropriations, see Article 202. The auditor and the Superintendent are responsible for this check in respect of all works or items of expenditure, the appropriations for which, whether individually or by groups, are sanctioned separately for each division, *vide* Articles 554, 555, 556 and 668.

(*b*) The Works Audit Department is not responsible for the check of expenditure against the grants for the whole province.

(*c*) In cases, not covered by clause (*b*), in which two or more Divisional Officers are authorised to incur charges relating to a unit of appropriation against a lump sum appropriation placed for the purpose at the disposal of a single higher authority, and the Accountant General, at the request of the local Government, has undertaken to audit the collective charges against the appropriation, he will prescribe the arrangements for conducting the necessary check. It will be necessary in such cases to collect the audited expenditure figures of the divisions concerned in suitable summaries ; in doing so, the general rules laid down in Chapter 37 should be observed.

Current Review of Audit.

523. The audit of the Monthly Accounts of Divisional Officers must be reviewed by a member of the superintending staff. This review will comprise the following duties in addition to any others that the Accountant General may prescribe :—

(1) As to charges the audit of which is recorded in Part I of the Works Audit Register, he should examine all the vouchers generally and review fully the audit of about ten per cent. of them, initialling the vouchers reviewed.

1. If all the vouchers attached to a schedule docket are reviewed, it will suffice if the schedule docket is marked "Vouchers reviewed" over the initials of the Superintendent.

2. The instructions in Rule 1 to Article 209 regarding the check of the classification of vouchers in the Treasury Audit Department apply *mutatis mutandis* to the vouchers of the Works Audit Department.

(2) He should review all special charges and credits, the audit record of which is kept in Parts II to V of the Works Audit Register, and in evidence of this review he should initial the entries in the register, as well as the vouchers and the account entries audited This check should not be confined to the entries made in the register by the auditor , when reviewing the vouchers and accounts generally, it should be seen that no transactions pertaining to these parts of the register have escaped the auditor's examination

(3) All schedules leading to the Monthly Account and the account itself, should be examined to see generally that no important points have escaped the auditor's scrutiny and that the several accounts have been correctly written up. The prompt adjustment of outstandings of all classes should receive special attention

(4) A percentage of the entries made by the auditor in Part I of the Works Audit Register should be checked, the items examined being marked or initialled in the schedule concerned , but see Article 565

(5) The entries made by the auditor in Part I of the Works Audit Register should then be reviewed completely to see that all charges not covered by appropriation or technical sanction are challenged

(6) Lastly the Audit Note and the Objection Statement prepared by the auditor should be examined to see that the remarks made or objections raised are all in order, and he should neatly edit them and add in his own writing any remarks or objections necessitated by his scrutiny

524 The following points should receive the Superintendent's special attention —

(*a*) Expenditure on all large works in connection with which any contract has been sanctioned by an authority higher than the Divisional Officer, should be reviewed completely, month after month, till completion even though during a month no payment may have been made in connection with the contract This review should be directed *inter alia* to make sure that all transactions which should have been treated as pertaining to the contract have been so treated and that in connection with the contract there is no disregard of rule or want of attention to the interests of the State requiring action on the part of the Audit office The rules in paragraphs 299, 308 and 309 of the Public Works Account Code should be specially borne in mind and payments to sub contractors should be scrutinised jealously

(b) The spirit of the rule in clause (a) should also be observed generally in the audit of vouchers, especially contractors' bills, relating to other works and services.

(c) In cases where the value of stores issued is recoverable from a contractor, or he has received a "secured advance" (*vide* paragraph 66 of the Public Works Account Code) on the production of stores, it should be seen, as far as possible, that whenever a payment is made to him in respect of the particular items of work, on which the stores were intended to be used, a recovery is simultaneously made from him, in accordance with rule, of the value of the stores used in the construction.

(d) A special watch should be kept over the disposal of materials, the "Issue Rates" (*vide* paragraph 38 of the Public Works Accounts Code) for which are known to be appreciably below the market rates, so that practices likely to put the State to loss may be challenged, if they come to notice. See also paragraphs 308, 309 and 195 of the Public Works Account Code.

(e) If it is noticed that the application of any rule, limiting the recovery of the rent of a public building occupied by a Government servant to a prescribed percentage of his emoluments, has the effect of lowering the rent of the building to a figure appreciably below the standard rent as fixed under rule, the matter should be brought to the notice of the Higher Audit section for further action, if necessary, with reference to clauses IV (a) and V of Rules 45A and 45B of the Fundamental Rules.

(f) In the case of running account bills for works executed on lump sum contracts it should be seen that the method stated to have been employed for estimating the value of work done (*vide* paragraph 383-D of the Public Works Account Code) is not *prima facie* open to objection.

525. After reviewing the audit, if he finds that the enfacement of audit made by the auditor on the Monthly Account is in order, he should initial it, and submit the account (complete with enclosures) to the Gazetted Officer in charge for his review. The Audit Note and the Objection Statement, as well as the Works Audit Register and the Objection Book, should also be put up with the account.

526. The Gazetted Officer should examine generally the Monthly Account and all the supporting schedules, but he need scrutinise only a percentage of the vouchers, initialling those scrutinised. The Works Audit Register and the Objection Book should be inspected, and it should be seen generally that the auditor and the Superintendent have performed their respective duties carefully. The results of their audit should be scrutinised and, if everything is found to be in order, the audit enfacement on the Monthly Account should be signed.

527 The Gazetted Officer in charge of a section should scrutinise carefully every objection, whether entered in an objection statement or in an audit note, before he passes it, cancelling or submitting for orders any to which in his opinion the provisions of Articles 156 and 157 could suitably be applied The scrutiny should in the main consist of seeing whether the objection is a reasonable one and whether it is worded in intelligible and unexceptionable language , it is not intended that the Gazetted Officer should check the facts in all cases by a comparison of the vouchers, but he should do so in all serious and important cases, and whenever he has reason to think that the facts implied by the objection are not correct, or when the objection itself is not intelligible without the vouchers It should be borne in mind that unnecessary, meticulous or badly expressed objections not only bring discredit on audit and give rise to reasonable irritation, but also cause an increase of work in both the Audit and the executive offices

528 Objections raised on objection statements audit notes, half margins or audit memoranda should not be treated as routine correspondence which may be issued by Superintendents under Article 79 (b) No such objection should issue over the signature of a subordinate unless the case is clearly met by one of the printed and numbered standard objections , if any manuscript addition of any kind has to be made in the printed form it should be signed by the Gazetted Officer in charge The more important objections which are likely to lead eventually to a reference to the Head of a Department or superior administrative authority should not ordinarily be issued without the approval of the Deputy Accountant General

NOTE —In scrutinising objections it should be borne in mind that the discretion vested in Audit Officers by Article 156 should be freely exercised

529 Both the Gazetted Officer and the Superintendent when reviewing the accounts of Divisional Officers should specially bear in mind the requirements of higher Audit *vide* Articles 149 to 154 They should further see that Divisional Accountants appear to have attended to their audit and account duties satisfactorily Should there be any evidence of slackness or disregard of prescribed rules or procedure on the part of the latter, the Deputy Accountant General should be informed and suggestions for the issue of the necessary admonition or for other action should be made to that officer

Completion of Audit

No. 22. of a month should be Sub

Page 223, Article 530—

Substitute the following for the first sentence of this Article —

"The audit of the divisional accounts of a month should ordinarily be completed in time to enable the *Compilation Section* to include them in the Civil Account of the same month , where this is not possible the procedure authorised in Article 133 may be followed "

[Audit Code, Vol I, 1st Edn (2nd Rep), No 22 dated the 1st]

Post Review of Audit.

531. The Accountant General should arrange for a post review of Divisional Officers' accounts in such a way as to ensure that the accounts of every division are reviewed at least twice in two years, once by a Gazetted Officer and once by a member of the superintending staff. The Accountant General or his Deputy should keep a suitable register for this purpose, and every month, as soon as the accounts are posted, should indicate therein the names of the persons by whom a review of the accounts is to be made, and the names of the divisions which each should review.

532. The reviewing officer should *subject the complete accounts and* vouchers to a careful test-audit. The scale fixed for the check is as follows :—

(*a*) *For Gazetted Officers.*—The same as that fixed for the current review by the Superintendent (*vide* Articles 523 and 524), and one half of the review work should be devoted to a *re-check of the review which has already been done by the* superintending staff.

(*b*) *For Superintending Staff.*—*Complete re-audit of the work done* by the auditor, *without a re-check* of the review which has already been done by the superintending staff.

It should be seen that the accounts and vouchers have been properly audited and due objections taken. The Works Audit Register and the Objection Book should be examined to ascertain that they are properly kept in accordance with rule, and that a sufficient check exists over charges as well as outstanding items. The Gazetted Officer should initial the documents and registers in the same way as the Superintendent is required to do in respect of the current review, and when the review is made by the superintending staff, the procedure will be the same as that prescribed for observance in the original audit by auditors.

533. The reviewing officer should submit, through the Deputy Accountant General, a report of his audit to the Accountant General, in a form to be prescribed by that officer. The report should be made in a bound book and should show only important errors and irregularities. Defects of procedure should receive special attention.

534. The work of post review should be carried out, as far as possible, by senior members of the office, and should not be entrusted to very junior Gazetted Officers or Accountants. It should in no case be entrusted to probationers, unless for purposes of training, in which case the account reviewed should *not* be included in the prescribed number.

535. Any portion of the check which is exercised by a Gazetted Officer in the course of his ordinary duties need not again be exercised by him or by any other officer in the course of his review. Similarly, any portion of the current review or check which is exercised by a

member of the superintending staff need not again be exercised by him or by any other member of that staff in the course of post review Detailed orders on this point should be inserted in the Office Manual

536 If necessary the Accountant General may select one Senior Accountant who is not in charge of a section of the Works Audit Department and may regard him as a Gazetted Officer for purposes of the post review

537 A period should be fixed by the Accountant General for the completion of a Gazetted Officer's review and its submission to him and any failure to complete a review within this period will constitute an arrear which should be treated as prescribed in Article 98 A

Supervision of Divisional Accountants

538 The relations of the Audit office with Divisional Officers of the Public Works Department are set forth in Chapter IV of the Public Works Account Code Inasmuch as the Divisional Accountant employed on conducting the preliminary audit check in divisional offices and on consolidating and compiling the initial accounts of transactions into the accounts rendered to audit is a subordinate of the Accountant General and is posted by him to a divisional office the Audit office is also responsible that the work entrusted to the Divisional Accountant is done efficiently The administration of the establishment of Divisional Accountants is therefore an important function of the Works Audit Department The responsibility for this work devolves personally on the Deputy Accountant General

539 The Deputy Accountant General is responsible for giving adequate practical training to every Divisional Accountant who is either on probation or is still junior and inexperienced so that a trained accountant may be attached to each divisional office See paragraph 98 of the Public Works Account Code

1 The posting of junior accountants to new construction divisions or to divisions the accounts of which are either heavy or of a peculiar nature should be avoided as far as possible

540 If the accounts work of a division falls into arrears or if there are signs of any confusion therein the matter should promptly receive the careful consideration of the Accountant General who should not only move the Divisional Officer (or the higher authorities of the Public Works Department if necessary) to take necessary steps to remedy the defects but also suggest for consideration such remedies as may appear suitable and if necessary, render such temporary help as he may be in a position to give In serious cases it may be advisable for the Deputy Accountant General or a Gazetted Officer to visit the divisional office and to discuss the situation personally with the Divisional Officer and the Divisional Accountant

541 Whenever a Divisional Accountant is relieved of his duties in a divisional office it should be seen that the memorandum referred to in paragraph 596 of the Public Works Account Code is received from the Divisional Officer This memorandum should be reviewed by the

Chapter 28.—Scrutiny of Sanctions and Orders.

Sanctions and Orders

544 Expenditure on a work must be covered by—

(a) a sanctioned detailed estimate for the work,

(b) an appropriation (for each year during which any expenditure is incurred on the work), which may be either for the work by itself or for the whole unit of appropriation within which the work falls along with one or more other works, according to the rules on the subject prescribed by the Government concerned

In some cases separate financial sanction of competent authority may also be necessary under the provisions of any of the rules and orders cited in the margin, before any expenditure can be incurred on a work In the case of central works, such sanction, when accorded by the Government of India in the Finance Department is termed "expenditure sanction" see paragraphs 55 and 66 of the Central Public Works Department Code

Either of the Audit Resolutions referred to in Articles 104 (5) and 104 (6)

The Civil Services (Classification, Control and Appeal) Rules

Financial rules and orders of the Government concerned

Technical Sanction

545 As to (a), all that is essential for audit purposes is the technical sanction of competent authority to a detailed final estimate of cost, as distinguished from a rough or preliminary estimate such as is usually prepared by the Public Works Department for obtaining the administrative approval of other departments to works in which they are interested Unless with the concurrence of the Auditor General the Government concerned has specially desired this the Audit office is not required to see that the work has received the necessary administrative approval as well, or that the amount of the technical sanction does not exceed without proper authority the amount of the administrative approval , but see Article 546 Before accepting in audit the technical sanction to a detailed estimate it must however be seen that if any separate financial sanction is also necessary (Article 544) it has been accorded by competent authority and that the amount of the estimate does not exceed the amount of such sanction

Chapter 29.—Works Audit Register.

Form.

552. A register in Form 61, Works Audit Register, should be maintained, separately for each divisional office, for keeping a collective record of all sanctions relating to the audit of transactions included in divisional accounts, and of the audit conducted against them during a year. This register is divided into five parts—I.—Sanctions to Works, II.—Sanctions to Fixed Charges, III.—Sanctions to Contracts, IV.—Orders of Special Recoveries, and V.—Miscellaneous Sanctions.

1. It is optional with the Accountant General to entrust the Treasury Audit Department with the audit of Public Works contingent charges included in divisional accounts, *vide* Article 518. Whether the audit is entrusted to the Treasury Audit or the Works Audit Department, the procedure prescribed in Chapter 12 should be observed, but in the latter case the separate registers of Special and Fixed charges (Articles 315 and 316) will be replaced by Parts II and V of the Works Audit Register.

Sanctions to Works.

553. Part I of the register deals with all sanctions and orders relating to a work as a whole and with the expenditure recorded thereagainst. In this part are entered all works executed in the division, including Government works for other divisions and offices, non-Government works, and manufacture operations, workshop jobs, and other works and items of expenditure chargeable to Stock and Tools and Plant.

554. Works should be grouped in this part of the register in such a way as to collect together all works falling under a unit of appropriation, as well as those falling under a detailed head of account. Separate folios or sets of folios should, therefore, be reserved for each such division. The folios so reserved should be arranged in the prescribed order of minor and detailed heads subordinate to each major head, and in the case of "41.—Civil Works" in Governors' provinces, the Central, Provincial Reserved (if any), and Provincial Transferred transactions should be recorded in three different sections in the order shown.

555. The entries of the month's expenditure under each of the groups and detailed heads referred to in Article 554 should be totalled monthly

and in cases in which a lump sum appropriation is required, under rule, for any group, the progressive expenditure of the year should also be ... blue or green ink At the close

No. 1.

Page 231, Article 557-A—

Insert the following as a new Article :—

557 A The following points should receive special attention in writing up Part I —

(1) *Column 1* —"Serial Number" ... account sho...

be quoted in column 7, and in column 6 should be set forth, as briefly as possible, all the terms and conditions which it may be necessary to apply in audit. If these particulars cannot be registered satisfactorily, the Gazetted Officer may in writing authorise the detailed audit to be conducted against the original orders of the sanctioning authority. In such a case, the orders should be carefully preserved in a special guard file, and in column 6 of the register it will suffice to quote merely a reference to the pages of the file.

1. *Leases, and other similar agreements, whereunder payments are to be made to Government by the parties concerned, should not be entered in this part, but the necessary notes of recoveries should be made in Part IV.*

Orders of Special Recoveries.

561. (*a*) Part IV is intended to facilitate a watch over special recoveries of all kinds, which may be ordered by competent authorities, or promised by the Divisional Officer, whether as the result of audit enquiries and objections or otherwise ; see also Article 551 (*a*) and Rule 1 to Article 560.

1. The term recovery as used in this clause includes not only receipts and recoveries creditable to revenue heads, but also receipts and recoveries taken in reduction of expenditure. Thus, anticipated credits on account of sale-proceeds of materials received from dismantled buildings, and of surplus materials and plant of closed or abandoned works, should be watched through this part. Similarly, credits to the sub-head "Land, Kilns, etc.," of the suspense head "Stock" should also be watched through this part, the orders passed by competent authority as to the mode of clearance [*vide* paragraph 389 (*b*) of the Public Works Accounts Code] of expenditure charged to the sub-head being noted in it for the purpose.

(*b*) Under this rule, orders relating to recoveries on account of rents will also be entered in this part, but as soon as the first entry giving effect to the orders appears in the divisional Schedule of Rents of Buildings and Lands, P. W. A. Form 75, the entry in this part should be closed, with a suitable remark attested by a member of the superintending staff.

NOTE.—The entry which is required to be made in Part IV of the Audit Register under the above clause may, however, be dispensed with, if new or revised standard rents are noted and attested in columns 3 and 4 of the P. W. A. Form 75 in the Audit office on receipt of sanctions.

(*c*) Similarly, orders relating to recoveries which have to be watched through the account "Miscellaneous P. W. Advances" should be noted in this part to be watched until the entry can be closed on the necessary debit appearing in the divisional Schedule of Miscellaneous P. W. Advances, P. W. A. Form 70.

(*d*) (*i*) In respect of recoveries from contractors, only such of them should be entered in this register as cannot at once be brought to account in the Ledger, *vide* paragraph 370 of the Public Works Account Code.

(*ii*) But in provinces in which the Contractors' Ledgers and the Registers of Rents of Buildings and Lands are not audited centrally

(paragraph 577 of the Public Works Account Code), all special recoveries ordered or promised in connection with these accounts should ordinarily be noted in Part IV, as also all charges recoverable from contractors which may be noticed in the course of the audit of divisional accounts The Accountant General may, however, prescribe an alternative procedure, with the approval of the Auditor General, the point to ensure being that debts due by contractors may not be overlooked. See also Article 130 (*f*)

(*e*) No entry need be made in this Part in respect of recoveries watched through the Objection Book

Miscellaneous Sanctions and Orders

562 Part V is intended primarily for all other sanctions and orders against which audit of expenditure brought to account by Divisional Officers may have to be conducted, *e g*, sanctions to local purchase of imported stores Sanctions to remissions of revenue may also be entered in this part

Currency of the Register

563 The Works Audit Register should be closed annually, and sanctions and orders which have not been completely operated against should be carried forward to the following year's register (with all necessary particulars in respect of the expenditure already incurred there against), the entries being attested by a member of the superintending staff as in the case of fresh entries This action cannot however, be completely taken until the Supplementary accounts of the year have been audited completely But it is permissible, without waiting for this event, to transfer to the new year's register such items of the old register as have to be subjected to audit in connection with the divisional accounts of the new year In such cases, the audit of transactions appearing in the Supplementary Accounts will nevertheless be recorded in due course in the old register, and it will therefore, be necessary (1) to effect all consequent corrections in the entries transcribed to the new register, and (2) to review, where necessary, the audit previously conducted

1 Entries relating to works on which no expenditure has been recorded for six months continuously need not be carried forward at once to the next year's Works Audit Register unless the recorded expenditure is in excess of the estimate but an enquiry should be made of the Divisional Officer whether the accounts of the work should not be considered as closed The entries should ultimately be transferred if the account is reported to be open still

564 To reduce the clerical labour connected with the opening of new registers every year, two yearly or three yearly registers may, if desired be introduced by the Accountant General For this purpose it will be permissible to insert extra inner leaves or to adopt any other device and even to alter the prescribed arrangement of columns

Check of Postings.

565. The Accountant General will make suitable arrangements for ensuring the accuracy of the postings in the Works Audit Register. As regards Part I, if the check of postings and totals is entrusted to a clerk, it will be a cent. per cent. check, but if the work is entrusted to a member of the superintending staff, a ten to fifteen per cent. check, conducted intelligently, may suffice. For Parts II to V, no special check by a member of the clerical establishment will be necessary, as all the entries are required to be examined by a member of the superintending staff, *vide* Article 523.

Chapter 30—Audit of Vouchers and Schedule Dockets.

General

566 When conducting the audit of Schedule Dockets and accompanying vouchers, the instructions given in Article 592 in respect of transactions with contractors should be specially borne in mind

Schedule Dockets

567 Schedule Dockets in P W A Form 61 should be examined to see—

(1) that, except in respect of unvouched charges (*vide* paragraph 576 of the Public Works Account Code), there is a voucher complete and in due form in support of every charge,

(2) that necessary particulars of all cash refunds are given and do not indicate any financial irregularity,

(3) that all other credit entries (*i e*, all transfer credits) are counter balanced by one or more items of charge in other schedule dockets or schedules,

(4) that the net charge of the month is arithmetically correct and agrees with the corresponding entry in the schedule concerned, and

(5) that each docket bears the initials of the Divisional Accountant

Vouchers

568 In applying to vouchers the check referred to in Article 567 (1), the general instructions given in Articles 130 and 131 of this Code and in paragraph 546 of the Public Works Account Code should be followed unless there be something repugnant in the subject or context, and the rules of the Public Works Account Code relative to the preparation and completion of vouchers and the special points enumerated in the following rules should also be borne in mind

569 It should be seen that every voucher bears the dated initials of the Divisional Accountant in token of the preliminary check which he is required to conduct under paragraph 555 of the Public Works Account Code

570. In the case of a running account bill, which is not the first bill of a series relating to on account, it should be seen, by reference to the last previous bill, that all "up to date" and other figures which are dependent upon the entries in that bill are correct, and, in token of this check, the auditor should note on the previous bill (with his dated initials) the number and date of the bill under audit, and on the latter he should set his initials in red ink against the reference to the former.

571. In respect of payments to contractors whose contract agreements have been sanctioned by authorities higher than a Divisional Officer, it should be seen, as far as possible, that there are no unauthorised deviations from the rates of payment and other relevant conditions of the agreement, as communicated by the sanctioning authority under Rule 2 to paragraph 105 of the Public Works Account Code. After audit, the number of the voucher, with the name of the account month, should be entered in the Works Audit Register against the entry of the sanction.

572. In respect of payments to other contractors, whether on a first and final bill or on a running account bill, it should be seen generally that the value of work done, or supplies made, does not exceed the limit up to which a Divisional Officer is authorised to accept a tender for a contract.

573. If any charge requires special sanction (*vide* Articles, 544, 549 and 550), it should be seen that such sanction exists, and the charge should be noted against the entry of the sanction in the Works Audit Register.

574. In respect of charges on new supplies of tools and plant it should be seen that the articles paid for have been correctly brought on the relevant numerical account (P. W. A. Form 13) on the authority of the voucher or account pertaining to the charge.

575. In respect of vouchers in support of compensation for land acquired, the special rules in Articles 586 to 588 should be observed.

576. Vouchers which are received as accompaniments to a Schedule Docket which supports a whole schedule, and not merely an item in a schedule, should be compared individually with the relevant items of the schedule concerned, and it should be seen that all the vouchers required in support of each item have been received. It should further be seen that the total of all charges of the schedule, excluding works expenditure for which separate Schedule Dockets exist, agrees with the net charges of the Schedule Docket.

Schedule Docket for Percentage Recoveries.

577. The rules in the foregoing articles do not apply to the Schedule Docket for Percentage Recoveries, P. W.. A. Form 62. This Schedule Docket should be checked simultaneously with the schedules relating to the expenditure on the works which are assessable to percentage recoveries on account of "Establishment," "Tools and Plant," and "Accounts and Audit" charges. It should be seen (1) that the charges shown in

P W A Form 62, under each of these heads, are correctly calculated in accordance with rule, (2) that in the expenditure schedule concerned the total amount of these charges has been correctly debited to the account of each work and (3) that the credits on account of recoveries under each of the three heads are correctly brought to account in accordance with the rules in Statement E of Appendix 4 to the Public Works Account Code thus —

(i) "Establishment recoveries" as "*Deduct*—Percentage recoveries" in the Classified Abstract of Expenditure P W A Form 74 or as "Recoveries of Expenditure" in the Schedule concerned P W A Form 46 as the case may be,

(ii) "Tools and Plant" recoveries as "*Deduct*—recoveries" in the Classified Abstract of Expenditure P W A Form 74 or as "Recoveries of Expenditure" in P W A Form 46 as the case may be,

(iii) "Accounts and Audit recoveries"—as a *minus* debit to the major head '23 Audit" in the Schedule of Debits to Miscellaneous Heads of Account (P W A Form 76) or as a credit to "XXXV Miscellaneous—Fees for Government Audit" in the Schedule of Credits to Miscellaneous Heads of Account (P W A Form 76) as the case may be

Chapter 31.—Audit of Works Expenditure.

Government Works.

578. The procedure for checking the Schedules of Works Expenditure, P. W. A. Form 64, relating to Government works is as described below :—

(*a*) The expenditure of the month relating to each work should be checked—

(*i*) in respect of the works expenditure, with the audited *net* charges as shown in the relevant Schedule Docket, P. W. A. Form 61, and

(*ii*) in respect of percentage recoveries (if assessable thereto), with the figure shown in the Schedule Docket, P. W. A. Form 62, for such recoveries,

and then posted in Part I of the Works Audit Register against the entry for the work.

1. In cases in which Schedule Dockets (P. W. A. Form 61) are not required to be submitted under the provisions of Rule 1 to paragraph 561 of the Public Works Account Code, it should be seen that the necessary certificate has been recorded by the Divisional Accountant against the relevant item in the Schedule of Works Expenditure.

(*b*) The progressive total should then be calculated by adding this figure to the progressive total as previously recorded in the register, and should be entered in it below the month's expenditure, seeing at the same time that it agrees with the figure shown in the column for " Total charges up to date " in the schedule.

(*c*) It should also be seen that the progressive total does not exceed either of the two limits of expenditure, *viz.*,—

(1) the amount of the sanctioned detailed estimate, as noted in column 3 of the register, and

(2) if, under rule, an appropriation is required to cover the expenditure of the year on the work—

(*i*) the permissible limit of the expenditure to the end of the year (as set forth in column 7 of the register), if it is a work which was in progress at the end of the previous year, or

(ii) the appropriation for the year given in column 5 of the register, if it is a work started during the year

(d) If the work is shown in the schedule as completed, a note to this effect should be made in the register, and in case it is an original work connected with a residential building, action similar to that indicated in Rules 1 to 3 to paragraph 591 of the Public Works Account Code should be taken

(e) The several totals shown in the schedule (*vide* Rule 3 to paragraph 565 (*b*) of the Public Works Account Code) should then be checked and agreed with the corresponding figures as worked out in Part I of the Works Audit Register, *vide* Article 555, and it should be seen that the progressive total for each group for which there should under rule be a separate appropriation, does not exceed that appropriation, as recorded in column 5 of the register

Deposit Works

579 The Schedule of Deposit Works, P W A Form 65, should be checked as follows —

(*a*) The works detailed in Part I of the schedule should first be taken up

(*b*) The month's deposit (if any) for each work as shown in column 5 should be posted in column 5, " Amount of Appropriation " of the Works Audit Register (quoting the name of the month in column 4 ' Authority "), and a line should be drawn below this entry and underneath it should be worked out the deposit up to date

(*c*) The deposit up to date, as shown in column 6 of the schedule should then be agreed with the corresponding figure in column 5 of the register

(*d*) The month's expenditure should be agreed with the audited *net* charges as shown in the Schedule Docket and the figures then posted in the appropriate monthly column of the register, as in the case of works appearing in the Schedules of Works Expenditure (Article 555)

(*e*) The progressive expenditure should then be audited to see that it does not exceed either the amount of the estimate or that of the up to date deposit as recorded in the register If the progressive expenditure exceeds the up to date deposit for a work it should be seen that the figures of the excess (*i e* both the month's excess and the excess up to date) are correctly shown in columns 10 and 11 of the schedule by charge to the head ' Miscellaneous P W Advances "

(*f*) If the work is shown as completed a note to this effect should be made in the register in the manner prescribed in Note 6 printed on the fly leaf of Form 61 Works Audit Register and it should be seen that the Divisional Officer

590. In cases in which an article is shown in this account as transferred to a division in another circle of audit free of cost, an intimation of the transfer should be sent to the Audit Officer concerned to enable him to see that the receipt of the article is brought to account, in due course, by the receiving division.

591. The Audit of the Account of Receipts of Tools and Plant, P. W. A. Form 13, is conducted thus. In the course of the audit of vouchers it will have been seen (*vide* Article 574) that all new supplies obtained on payment, whether by purchase or in transfer from other divisions, departments, etc., have been brought on to this account. The procedure to be observed further, in respect of articles received from other divisions in the same circle of audit, whether on payment or otherwise, is prescribed in Article 589 (*d*). In respect of articles received in transfer free of cost, it should also be seen that if any intimations of such transfers have been received in the Audit office (*vide* paragraph 536 of the Public Works Account Code and Article 590), the articles are duly brought on this account.

Contractors' Accounts.

592. (*a*) Before the audit of vouchers is taken up, the opening balances of all accounts in the Extract from the Contractors' Ledger, P. W. A. Form 82, should be checked with the previous month's Extract.

(*b*) Then, whilst the vouchers and schedule dockets are being checked (*vide* Chapter 30), it should be seen—

(1) in respect of every Running Account Bill, or Account of Petty Contractors, P. W. A. Form 30, that the month's transactions are correctly posted in the ledger, and that the closing balances as detailed in the ledger are correct ;

(2) in respect of all vouchers, that charges (if any) debitable to the account of a contractor other than the payee have also been debited to the proper ledger account on the authority of the vouchers ; and

(3) that all recoveries and cash realisations from contractors, and debits to them on account of stores issued, are duly taken to their respective accounts.

(*c*) Next, about ten per cent. of all First and Final Bills, and other payment vouchers of contractors, not being Running Account Bills, should also be traced into the ledger.

(*d*) Each ledger account should finally be checked arithmetically, it being seen at the same time that—

(1) besides the entries checked in pursuance of the instructions in clauses (*a*) to (*c*) above, there are no entries other than (*i*) debits on the authority of muster rolls not submitted to audit, *vide* paragraph 576 (*b*) of the Public Works Account Code, and (*ii*) debits and credits in respect of First and Final Bills which have not been traced into the ledger ;

(2) the debit and credit entries referred to in (1) (ii) above counter balance each other in respect of each bill, and

(3) the details of the closing balance of each account work up to the total

(e) Generally it should be seen that the rules relating to contractors' accounts, as prescribed in the Public Works Account Code, have been observed, and that there is no indication of a transaction pertaining to a running account having been settled on a form of bill not permitted to be used for the purpose

Annual Certificate of Works Accounts Balances

593 The audit of the works expenditure for March should not be considered as completed until P W A Form 91 Annual Certificates of Balances, has been received, and certificate No 4 thereof, relating to works accounts has been examined to see (1) that it is complete in all respects, (2) that the closing balance of the accounts for "Contractors," under each of the three heads into which this account is divided, agrees with the total of the balances as per audited Extracts from Contractors' Ledgers, P W A Form 82, and (3) that the certificate does not indicate any deviation from rule requiring action on the part of the Audit Office Large fluctuations in the balances may form the subject of special enquiry

Special Rules for Project Estimates

594 In the case of projects for Irrigation, Navigation, Embankment Drainage, Water Storage or Civil works where Public Works officers are authorised to accord technical sanction to the various component parts separately, with reference to the provisions made therefor in the administratively approved estimate, a register in Form 63 should be opened so that all sanctions to estimates (in respect of works expenditure) sanctioned against the project estimate may be watched against the provision for works expenditure in the project

1 In respect of charges for Establishment Tools and Plant and Suspense audit is not conducted against the provision made in the project

595 A set of pages of the register for each project should be set apart for each head of the sanctioned classification against which the sanctions to working estimates are to be watched in accordance with the rules defining the powers of Divisional Officers and other authorities to sanction such working estimates Every sanction to a working estimate should be noted in the Register, a progressive total should be struck against it to arrive at the total sanctions to date against the project provision under the head concerned, and it should be seen that the provision is not exceeded In respect of savings and excesses the register should be corrected (from time to time as the accounts of any working estimates are closed, or excesses are authorised or savings resumed by competent authority) (1) by making a suitable adjusting entry in columns 5 to 8 and (2) by posting the excess or saving as the case may be as a *plus* or *minus* entry in columns 1 to 4, as if it were a fresh working estimate

603. For items which cannot be paired, the procedure should be as follows :—

(*i*) If the corresponding entry appeared in an earlier month, the auditor concerned should certify this by writing the words "Adjusted in " against the entry in the schedule under audit (see also Article 687).

(*ii*) If the corresponding entry is still awaited, the auditor concerned should keep a suitable note to aid him in watching it, and, in token of this, he should write the word "Noted" against the entry in the schedule under audit.

(*iii*) Items awaiting response [*vide* clause (*ii*) above] should be reviewed monthly, and if any of them remain unsettled for more than two months, steps should be taken, in correspondence with the Divisional Officers concerned, to get them either responded to or withdrawn before the close of the year.

Public Works Remittances.

604. The head "Public Works Remittances" comprises the following transactions :—

I.—Remittances into Treasuries, *i.e.*, cash remitted by officers of the Public Works Department to treasuries in account with the same Accountant General.

II.—Public Works Cheques, *i.e.*, cheques drawn by officers of the Public Works Department on treasuries in account with the same Accountant General. and cashed thereat.

III.—Other Remittances, *i.e.*, transfer transactions between officers of the Public Works Department on the one hand, and officers of Civil Departments (including the Forest Department) in account with the same Accountant General, on the other.

1. Remittances into, and cheques drawn on, treasuries in account with another Accountant General, as well as remittance transactions of the Public Works Department with officers of Civil (including Public Works) Departments in account with another Accountant General, are treated as transactions pertaining to the exchange account between the two Accountants General.

605. The head "III.—Other Remittances" is sub-divided into—

(*a*) Items adjustable by Civil Officers, and

(*b*) Items adjustable by Public Works Officers.

Transactions pertaining to non-Public Works heads of account, which originate in the accounts of Divisional Officers of the Public Works Department, but, under rule, cannot be adjusted under those heads by Divisional Officers in their Schedules of Miscellaneous Heads of Account, P. W. A. Form 76 (*vide* paragraph 563 of the Public Works Account Code), are classified under head (*a*) of "Other Remittances". But when a transaction relating to the Public Works Department originates in the Civil section of the accounts, and it is not classifiable under one of the

Public Works revenue or expenditure heads, transactions under which are permitted to be adjusted direct on the Accountant General's books, it is charged or credited, as the case may be, to "Other Remittances" under head (b) A responding debit or credit of either class is allocated under (a) or (b), according as the original transaction (credit or debit) is classified under (a) or (b)

1 Public Works transactions which originate in the Civil section of the accounts on the authority of an inward exchange account are not treated as Public Works Remittance transactions nor those transactions which originate in the accounts of a Public Works division but are adjustable finally in the books of another Audit or Account Officer All such transactions are treated as pertaining to the exchange account concerned

606 In respect of the divisions "I—Remittances into Treasuries" and "II—Public Works Cheques," of the head "Public Works Remittances," it is sufficient to see that the totals shown in the schedule are supported by the necessary details in the Schedule of Monthly Settlement with Treasuries, P W A Form 51 relating to the treasuries within the Audit circle

607 In checking the Schedule of Settlement with Treasuries, P. W A Form 51, the points of importance to see are —

(a) For Part I—

(1) that the figures in line 4 are supported by original Consolidated Receipts of Treasury Officers in P W A Form 50 ,

(2) that the closing difference (line 5) of the month is, in respect of each treasury, equal to the difference between the figures in lines 5 A and 5 B , and

(3) that at the close of the year there is ordinarily no difference

(b) For Part II—

(4) that the figures in line 4 are supported by the original Certificates of Issues signed by Treasury Officers ,

(5) that the difference in line 5 is in respect of each treasury, supported by the necessary details , and

(6) that at the close of the year there is ordinarily no difference except on account of cheques issued up to 31st March not cashed by that date

1 The procedure indicated in this Article applies equally to the audit of P W A Form 51 for treasuries in another Audit circle, including Military Treasure Chests

608 As regards the division "III—Other Remittances," the special points requiring attention are —

(i) That all items are correctly classified as original or responding

(ii) That the head "(a) Items adjustable by Civil Officers" is operated on only in respect of such original items as cannot, under rules be accounted for in the Schedule of Debits (or Credits) to Miscellaneous Heads of Account, P W A Form 76

(*iii*) That the transactions under the head "(*b*) Items adjustable by P. W. A. Officers" relate only to such responding debits or credits as are adjusted on the authority either of a special intimation given by the Accountant General or of a general agreement sanctioned by him.

Exchange Account Transactions.

609. In regard to transactions falling under the group "Exchange Accounts," it should be seen that items are correctly classified as original or responding, and that responding items are brought to account only (1) in response to Advices of Transfer Debit (or Credit), P. W. A. Form 55, quoted in the schedule, (2) on the authority of accepted "Statements of Rents recoverable from Pay Bills," P. W. A. Form 48 (*vide* Rule 1 to paragraph 490 of the Public Works Account Code), or (3) on the authority of the Accountant General's intimations of inward exchange account debits or credits.

610. In respect of transactions (cheques and cash remittances) with treasuries of other Audit circles and Military treasure chests, it should be seen that there is a Schedule of Settlement with Treasuries, P. W. A. Form 51, for each Audit circle, which has been checked in accordance with the instructions in Article 607.

611. After audit, the name of the exchange account to which each item pertains should be noted against it by the auditor in red ink.

Items Adjusted Provisionally.

612. If any responding item is stated (columns 10 and 11) to have been brought to account provisionally, the objection raised by the Divisional Officer should be examined to see that it does not indicate any deviation from rule, either on his own part or on that of the other party to the transaction, requiring any action on the part of the Audit office. In the case of transactions of the classes mentioned below the objections of Divisional Officers should be communicated to the clerks who keep the Objection Books for such transactions, and who are, therefore, responsible for watching their clearance. In all other cases, the auditor should see that the objection is settled in due course.

(*i*) P. W. Remittances—III.—Other Remittances.

(*ii*) Exchange account items in respect of which Advices and Acceptances of Transfer, P. W. A. Forms 55 and 56, are not exchanged.

Transmission of Advices of Transfer Debit.

613. If an Advice of Transfer Debit, P. W. A. Form 55, has been received with the schedule, under Rule 1 to paragraph 495 of the Public Works Account Code, it should be transmitted, as soon as the schedule is audited, to the division concerned for necessary action. The necessary certificate (signed by the Gazetted Officer in charge), in respect of charges for which vouchers are not attached to the advice should accompany it.

Certificate of Audit

614 After the schedules have been audited, a certificate in Form 63 A should be prepared in respect of each original item representing the cost of work done by Divisional Officers on behalf of other divisions, departments or Governments, except in cases of works, carried out as a standing arrangement (*vide* paragraph 81 of the Public Works Account Code), for whose receipt and expenditure transactions the Accountant General will act as the Sub Audit Officer on behalf of the Audit Officer concerned

615 This certificate, signed by the Gazetted Officer in charge, should be disposed of as indicated below —

(*a*) When the transaction relates to the head " Transfers between Public Works Officers," the certificate should be sent to the Divisional Officer on whose behalf the work was done, and he should be asked to respond to the transfer

(*b*) When the transaction relates to the head " III—Other Remittances " the certificate should be made over to the clerk keeping the register for the clearance of transactions under this head

(*c*) When the transaction relates to an exchange account, the certificate should be passed on to the clerk preparing the outward exchange account concerned

Items Awaiting Response

616 Auditors are responsible for watching the expeditious adjustment of all items* intimated to Divisional Officers for response. To enable them to discharge this responsibility all intimations sent out to Divisional Officers should be noted by the auditors concerned Delays in adjustment should be investigated

*P W Remittances—" III—Other Remittances " Exchange Accounts

Chapter 33.—Audit of Suspense heads, Deposits and Takavi Advances.

General Rules.

617. The audit of the schedules relating to the several suspense and other balanced heads of account (see below) consists not only in applying the ordinary procedure of audit of expenditure and receipts to the month's debit and credit transactions under these heads, but also in seeing (1) that the unadjusted balances under these heads are correctly carried forward severally, from month to month, (2) that these balances continue to represent *boná fide* assets or liabilities of Government capable of being realised or settled, as the case may be, and (3) that satisfactory action towards such realisation or settlement is being taken by Divisional Officers. In conducting this audit, the rules of the Public Works Account Code relating specially to these accounts should be borne in mind.

Stock, Purchases, Miscellaneous P. W. Advances, London Stores, Workshop Suspense, Deposits, Takavi Works Advances.

618. As a general principle, it should be seen that the account of each of these heads is so detailed that the clearance of each distinct item may be watched independently. But the account of Stock is an exception to this rule, as, in addition to the values brought to account in P. W. A. Forms 72 and 73, there are quantity accounts of all articles borne on stock which are scrutinised periodically and reconciled with the value accounts. It is not sufficient to see that the balance carried forward, from month to month, under one of these heads is correct ; it is an important function of audit to see that the balance relating to each individual item, work, or job, is kept distinct and correct, and that the balances of the several items, etc., relating to each head of account make up the aggregate balance recorded thereunder.

1. This principle should be specially borne in mind when prescribing the account procedure for the head "Workshop Suspense," *vide* paragraphs 429 and 431 of the Public Works Account Code.

Review and Reconciliation of Balances

619. The accuracy of the details leading to the balance under each head is proved monthly, or otherwise, according to the rules applicable to each case. With a view to proving the accuracy of the monthly transactions under each head, and of the balances under the heads "Deposits" and "Takavi Works Advances," by reconciling the results brought out

in the divisional schedules with the detail book and the ledger, a broad-sheet should be maintained in Form 64, which should be submitted monthly to the Gazetted Officer after the reconciliation has been effected

620 In reviewing the balances, the point to secure is that no item remains unadjusted longer than is reasonably necessary for bringing about its clearance, in the ordinary course, with due regard to the rules applicable to each case Delays in adjustment should ordinarily form the subject of an enquiry through the Audit Note (Article 739) but special cases may be taken up, with the Divisional Officer or higher authorities, by correspondence also and when the delays become serious or the Divisional Officer's replies to audit enquiries do not establish that adequate action is being taken towards clearance, the items remaining unadjusted should be brought on to the Objection Book *vide* Article 751

621 The audit of the schedules for the closing months of the year should receive special care so that as far as possible, the balances at the close of the year may be reduced and items open to objection may be removed therefrom The audit of the schedule for March should not be considered as completed until P W A Form 91 "Annual Certificates of Balances," has been received and certificates Nos 1 to 3 thereof examined and reconciled with the schedules

621 A At the close of the year the balance of each of the suspense accounts subordinate to the minor head 'Suspense" under the different major heads of expenditure should be worked out independently by adding to and deducting from the balance of the previous year the total debits and credits of the year as per Departmental Consolidated Abstract, and the resultant balance should agree with the balance worked out in the broad-sheet

Special Rules

622 The following Articles deal with some of the more important points to be looked into when examining the monthly schedules of some of these heads

Stock

623 The Schedule of Debits to Stock P W A Form 72 should first be checked, and its expenditure figures posted in the Works Audit Register generally in the manner prescribed for schedules of Works Expenditure the points of difference being as follows —

(1) In cases in which a detailed estimate can be dispensed with under rule the amount of the charge as authorised by competent authority may be accepted as the amount of a sanctioned detailed estimate

(2) The figures of "outturn" from manufacture operations, as shown in columns 4 and 5 of the schedule should also be posted in the Works Audit Register the progressive figure being checked in the same way as progressive expenditure

(3) When a manufacture operation is shown as completed, it should be seen that the Divisional Officer has taken action, in accordance with paragraph 396 of the Public Works Account Code, to adjust the difference between the progressive figures of "operation" and "outturn." In cases of omission, his attention should be invited to the rule, and the matter pursued until the difference is settled and the account of the manufacture closed, when a suitable note (attested by a member of the superintending staff) should be recorded in red ink in the column for "Remarks."

624. The Stock Account, P. W. A. Form 73, should then be taken up. In checking this schedule, the second part, "Detailed Account of Issues," should be examined first. The section of this Part relating to "Issues to Works, etc.", should be agreed with the relevant entries in all the Schedule Dockets of the month, and the remaining issues should be traced from the several accounts as indicated in the form. Part I should next be checked. It should then be seen that the closing balance of Stock, excluding any items of the sub-head "Manufacture," which are not chargeable against the sanctioned reserve limit of stock, does not exceed that limit.

Purchases.

625. In dealing with the alternative schedule, P. W. A. Form 69, if any transaction is shown in respect of an item which was omitted in the previous month's schedule, the last entry should be traced and a remark connecting it with the entry under audit should be made against it in red ink.

Miscellaneous P. W. Advances.

626. In the audit of the schedule of Miscellaneous P. W. Advances, P. W. A. Form 70, a distinction should be observed between items which represent regular transactions correctly pertaining to the head Miscellaneous P. W. Advances, and items which indicate either a disregard of any financial rules, or losses, retrenchments and errors awaiting adjustment. The clearance of items of both classes should be watched vigilantly, and items of the latter class should be registered in the Objection Book.

Deposits.

627. The special points requiring attention in the audit of the Schedule of Deposits, P. W. A. Form 78 or 79, are the following :—

(*a*) In respect of "Deposits for work to be done" it should be seen that the necessary details in support of this item are given in a Schedule of Deposit Works, P. W. A. Form 65, the instructions for dealing with which are given in Articles 579 to 582.

(b) If the Schedule of Deposits shows that any of the deposit items have been converted into any form of interest bearing security, it should be seen that in respect thereof the certificate printed at foot of the schedule has been correctly recorded.

(c) When checking the alternative form (P W A Form 79) of the schedule, previous entries should be traced in the manner indicated in Article 625, etc

(d) When checking the schedule for March, it should be seen that lapsed deposits have been duly credited to Government, *vide* paragraph 451 of the Public Works Account Code

(e) The Schedule for March should be accompanied by an Account of Interest Bearing Securities in P W A Form 86 This Account should be checked in detail, it being seen specially (1) that all conversions of deposits into interest-bearing securities, as shown in the Deposit Schedules of the year, have been brought to account in P W A Form 86, (2) that the transactions (column 6) relating to the return or retransfer of securities to depositors are supported by proper acknowledgments of the depositors, and (3) that in respect of the balances at the close of the year the necessary certificates of the Divisional Officer or Sub divisional Officers as the case may be, have been received

Takavi Works Advances

628 The Abstract printed on the lower left hand corner of the Schedule of Takavi Works P W A Form 66, is the Schedule indicating the monthly state of the Debt head " Takavi Works Advances " The instructions for checking it are given in Article 583

Chapter 34.—Audit of Receipts.

General.

629. The audit of receipts should be conducted mainly with reference to the financial rules of the Government concerned, subject to the provisions of Rules 45 to 45C of the Fundamental Rules and the Supplementary Rules issued thereunder, in regard to rents of public buildings (including installations, etc.), recoverable from persons occupying them.

630. To see that all revenue, or other debts due to Government, which have to be brought to account in the Public Works section of the accounts (*vide* Chapter IX of the Public Works Account Code), are correctly and promptly assessed, realised and credited to the public account, is primarily the responsibility of the Divisional Officer. But it is also the duty of the Audit office to see that revenue and other receipts of which it has cognisance (either through any entries in the public account or otherwise, *e.g.*, through orders of special recoveries received from competent authority) are brought to account by the Divisional Officer.

631. Where any financial rule, or other order applicable to the case, prescribes the scale or periodicity of recoveries, it should be seen, as far as possible, that these have not been deviated from ; but when this check cannot be exercised centrally, a test-audit may be conducted at local inspections of divisional offices, the point to secure being that disregard of rule or defects of procedure are not such as to lead to leakage of revenue, rather than that a particular debt due to Government was not realised at all or on due date.

632. No debt due to Government should be left outstanding on the books without due and sufficient reason. The Audit office should exercise constant and watchful care over such outstandings, suggest to the departmental authorities any feasible means for their recovery and, at least once a year, fully review them all. Whenever any appears to be irrecoverable, orders for its adjustment should be sought.

633. Recoveries towards clearance of charges which are outstanding in any accounts schedules or in the Objection Book will be watched through those documents. All other recoveries should be watched through Part IV of the Works Audit Register, *vide* Article 561.

634. The correct classification of receipts should receive the same attention as the classification of payments, even though the receipts may not be susceptible of audit check. Not only should each item of receipt be classified under the major, minor and detailed heads to which it pertains, but, in cases in which separate revenue accounts of projects are kept, the receipts relating to each project should be kept distinct. See also Article 639.

Rents of Buildings and Lands

635 When checking the Schedule of Rents of Buildings and Lands, P W A Form 75 the first four columns should first be taken up They should be examined to see (1) that the corresponding entries in those columns of the previous month's schedule have been correctly brought forward, (2) that no building or land is removed from the register without the orders of competent authority, (3) that the standard rents are not altered without proper sanction, and (4) that necessary changes in the entries in these columns, and additions to the list of rentable property, are made, from time to time, as new properties are acquired or additions and improvements thereto are made, *vide* Article 578 (*d*) See also Article 561 (*b*)

636 The remaining columns of the schedule should then be checked, it being seen in particular that (1) if the rent for any property is not recovered at the full standard rate the reasons for charging a different rate (quoting authority) are given in the column for " Remarks " where necessary (*vide* paragraph 269 of the Public Works Account Code) (2) the authority quoted in the column for " Remarks " is correct and such sanction as is necessary has been received in every case and (3) any variation from the rate of assessment and authorities quoted in the [illegible] previous month's schedule are justified (*vide* [illegible] In respect

No 65

Page 255, Article 637.

(1) *For* the words " recoveries made by Treasury Officers " in line 2 *substitute* " recoveries made by deduction from pay bills cashed at treasuries."

(2) *Insert* " countersigned " before "statements in P. W. A. Form 48" and *substitute* " *vide* paragraph 256 *et. seq* of the P. W. A. Code " *for* the words " countersigned by Treasury Officers ".

[Audit Code, Vol. I, 1st Edn (2nd Rep), No 65, dated the 4th April 1933]

638 Deleted

Refunds of Revenue

639 Refunds of revenue are usually classified in the same detail as revenue receipts, but the total amount of refunds should be taken in reduction of the total revenue receipts under the major head concerned The audit of these refunds should however be conducted in accordance with the rules for audit of expenditure as all refunds represent payments, whether made in cash or otherwise *vide* Article 198

EXCEPTION—This rule does not apply to refunds of income tax and super tax which are set off against the subsequent demands of such taxes, such refunds being treated as reduction of Government demand

640 In dealing with the Extracts from Registers of Refunds of Revenues P W A Form 46 it should be seen in respect of each refund, that the amount refunded was available, out of the original receipt to which it pertains and a suitable note specifying the amount refunded,

should be recorded against the entry of that receipt in the relevant receipt schedule. If the refund is one made by the Divisional Officer on his own authority and in compliance with the orders of a court of law remitting a fine previously credited to Government, it should be seen that the original order of the court accompanies this schedule (*vide* Rule 3 to paragraph 574 of the Public Works Account Code), and the order should also be quoted against the original receipt entry of the fine.

Chapter 35 —Miscellaneous Audit and Returns

Monthly Schedules of Debits (and Credits) to Miscellaneous Heads of Account

641 In examining the Schedules of Debits (and Credits) to Miscellaneous Heads of Account, P W A Form 76, it should be seen specially that the instructions given in Rule 1 to paragraph 563 (*d*) of the Public Works Account Code have been observed and if the classification of any items is not given in full in the column " Head of Account " the auditor should complete the entries by noting the detailed classification in that column in red ink For items representing expenditure on works *e g*, those relating to District Funds and Local Loans it should be seen that they are supported by detailed schedules in P W A Form 64

1 The use of the schedule P W A Form 76 should be authorised, in respect of any class of transactions only when the Works Audit Department is in a position to deal with them finally in audit and no audit proceedings on the part of any other section are necessary

642 A broadsheet in Form 65 should be written up monthly to collect all receipts on account of cemetery endowments as shown in the schedules of all divisions and to reconcile the total thereof with the amount taken to credit of the Debt head " Cemetery Endowment Fund " in the Ledger When totalled up at the close of the year this broadsheet will give the year s receipts as well as the up to date receipts, of each cemetery separately for ordinary and special endowments and it will thus facilitate the examination of column 2 of the Annual Accounts of Cemetery Endowments P W A Form 90 received from divisional offices , see Article 657

643 In the debit schedules for March of all divisions in which there are endowed tombs it should be seen that the interest due for the year has been correctly charged off by credit to XXX—Civil Works as laid down in paragraph 13 of Appendix 5 to the Public Works Account Code As interest is calculated on the amounts of endowments received up to the end of March it will be necessary for this purpose to have the receipts for March first posted up in the broadsheet Form 65 and that form totalled up so that the calculations of interest may be checked

Half-yearly Registers of Stock.

644. The Half-yearly Register of Stock, P. W. A. Form 12, should be checked to see :—

(1) That the audited register of the previous half-year received back with it is complete in all respects, and that no entries in it have been tampered with.

No. 48.

Page 258, Article 644, Clause (3)—

(1) *Delete* the words "that the latter do not appear to be unnecessarily high or low" in lines 2 and 3.

(2) *After* the word "amounts" in line 4 *insert* the words "and the adjusting entries" [see para. 203 (e) of the P. W. A. Code].

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No 48, dated the 1st Nov. 1935.]

Issue Rates " are

No. 49.

Page 258, Article 644, Clause (4)—

(1) *For* the words "amounts in column 23......for all articles of each class" in lines 1 and 2 *substitute* "value balances in column 19 of Part I".

(2) *For* the words "2 and 4" in line 6 *substitute* "2, 3 and 5".

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 49, dated the 1st Nov. 1935.]

... account of stock having been taken within the previous twelve months by some responsible officials whose names and designations are specified.

(6) That no defect or irregularity in the mode of keeping the ... of stock is indicated either by any of

No. 50.

Page 258, Article 644—

Insert the following as clause (7) re-numbering the existing clause (7) as (8) :—

"(7) That the balances under the sub-head "Storage" which are finally adjusted in the accounts of each year do not indicate any defect or irregularity in the system of calculating storage rate, *vide* para. 195-A of the P. W. A. Code."

[Audit Code. Vol. I, 1st Edn. (2nd Rep.), No. 50. dated the 1st Nov. 1935.

the register over the signature of the Gazetted Officer, and ... should be returned to the Divisional Officer, accompanied, if necessary, by an Audit Note and an Objection Statement. At the same time the audited register of the previous half-year should be returned for final record.

1. An office copy of the Audit Note should be retained in the Audit office.

Registers of Tools and Plant

646 The Register of Tools and Plant P W A Form 15, should be checked to see —

(1) That the audited register of the previous year received back with it is complete in all respects and that no entries in it have been tampered with

1 Detailed instructions on this point should be prescribed by the Accountant General

(2) That the closing balances as per previous register have been correctly brought forward in the register under audit

(3) That the actual transactions of all the months of the year as brought to account in monthly returns Accounts of Receipts (and Issues) of Tools and Plant, P W A Forms 13 and 14, have been correctly posted in Parts I, II and III of the Register

(4) That the closing balances are correct

(5) That there is a record of stock having been taken within the previous twelve months by some responsible officials whose names and designations are specified

(6) That there is a certificate by a responsible official, not below the rank of a Sub divisional Officer, that the balances in Part II actually represent articles lent or sent out for repairs

(7) That the shortages (if any) noted in Part III are not large and that there is no undue delay in their adjustment

647 After audit a suitable enfacement should be recorded on the register over the signature of the Gazetted Officer and the register should be returned to the Divisional Officer, accompanied, if necessary, by an Audit Note and an Objection Statement At the same time, the audited register of the previous year should be returned for final record

1 An office copy of the Audit Note should be retained in the Audit office

March Expenditure

648 The grants and appropriations of the year for all works and services lapse on the last day of March The annual maintenance and repair estimates also lapse on that date unless the Local Government has prescribed any other month of the year as the last month of the working year for any class of such works All expenditure brought to account in Divisional Officers' accounts towards the close of the year, especially during March, should therefore, be scrutinised with vigilance to see (1) that the charges against the appropriation and estimates of the year then closing, as brought to account, are regular, (2) that the liabilities and assets of one year are not brought to account in another year, (3) that, in the laudable desire to secure compliance with the provisions of these restrictive rules, irregular methods of dealing with the liabilities

and assets of the year have not been resorted to, which might either have caused actual loss or extra expense to the State, or might possibly result therein or be otherwise not conducive to financial efficiency.

1. In the audit of the accounts of other months of the year also, as well as at local inspections of Public Works offices, these points should be borne in mind.

649. If the March accounts of any division, or the Statement of cheques issued during March (*vide* paragraph 579 of the Public Works Account Code) received from it, indicate an unusual and serious rush of payments towards the close of that month, the Higher Audit section should investigate the causes and the effects of the rush and the hurried payments which it must have involved.

Verification of Completion Reports.

650. On receipt of a Completion Report or statement, *vide* paragraph 364 of the Public Works Account Code, the expenditure noted therein should be verified with the figures recorded in the Works Audit Register and the documents should be forwarded to the Superintending Engineer. The accounts of the work should then be closed, if this has not already been done and if there is an excess over the sanctioned estimate requir- ... should be watched through the

No. 64.

Page 260, Article 651.

Insert the following as rule 2 under this Article :—

2. In connection with the verification of the Schedules and the financial statements accompanying the Completion Reports on Irrigation and allied subjects the Government of India have ordered that :—

(*i*) the Schedules A to E should initially be signed by the Officer-in-charge of the project (who is particularly responsible for figures in columns 5—9 of Schedule D and consequently column 10 of Schedule E) and countersigned as 'Verified' by the Principal Auditor in token of his verification of actuals and classification, and

(*ii*) the financial statements should similarly be signed and countersigned but in this case the Audit Officer should do so under the words " Actuals and calculations checked ".

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 64, dated the 4th April 1936.]

2· ——— Accounts of Special Transactions.

652. Whenever an order is passed by competent authority, see Article 181-A (*b*), transferring any Public Works to the administrative control of a department other than the Public Works Department, the accounts classification of the revenue and expenditure transactions so transferred should be determined by the Accountant General in consultation with the Auditor General. Subject to such exceptions as may be authorised by the Accountant General with the previous concurrence of the Auditor General, the transactions should be accounted for in the forms and under the procedure prescribed in the Public Works Account Code for similar transactions of the Public Works Department, and the audit procedure will also be similar.

653 In all accounts, estimates, reports and statistics, the transactions pertaining to the Central and Provincial sections of the public accounts and in the case of Provincial expenditure, those relating to Reserved and Transferred subjects should ordinarily be shown separately, unless such separation be obviously unnecessary In the case of Central transactions those pertaining to agency works should similarly be kept distinct from other transactions

654 Ordinarily, expenditure brought to account by Divisional Officers does not include any non voted charges If any such charges enter the accounts of a Divisional Officer, the Accountant General should issue suitable instructions directing the separate exhibition of the transactions in the divisional accounts, so that they may be booked separately in the Detail Book

Field Works

655 When works in connection with military operations in the field are entrusted to the Public Works Department the procedure for expeditiously bringing to account and for auditing the connected transactions should be laid down by the Accountant General in accordance with instructions received from time to time from the Auditor General

Annual Transfer Entries

656 Before closing the accounts of the year, the following corrections in accounts should be carried out, by transfer entries —

Expenditure concerned	Heads to be debited	Heads to be credited
Expenditure on construction of Irrigation, Navigation, Embankment and Drainage Works for which Capital accounts are kept—		
*(i) Financed from Famine Relief Fund	Major Head '16 A—Irrigation Works or Navigation Embankment and Drainage Works	Major Head "55—*Deduct* Amount financed from Famine Relief Fund"
*(ii) Financed from Ordinary Revenue	Major Head '16 B—Irrigation Works or Navigation Embankment and Drainage Works"	Major Head '55—*Deduct* Amount financed from Ordinary Revenues
(iii) Financed from Ordinary Revenue in previous year but repaid during the year from Capital Account	Major Head '55—*Add* Repayments of Capital Expenditure charged to Ordinary Revenues	Major Head 16—*Deduct* Repayments of Capital Expenditure charged to Ordinary Revenues
*Expenditure on Irrigation Navigation Embankment and Drainage Works for which Capital Accounts are not kept met from Famine Relief Fund	Major Head "15 (i)—Other Revenue Expenditure financed from Famine Relief Fund —Irrigation Works Navigation, Embankment and Drainage Works	Major Head '15—*Deduct* Amount financed from Famine Relief Fund

* These transfer entries are not necessary in cases where the Divisional Officers are allowed to operate on the heads '16 A', '16 B' and '15 (i)' direct

653 In all accounts, estimates, reports and statistics, the transactions pertaining to the Central and Provincial sections of the public accounts and, in the case of Provincial expenditure, those relating to Reserved and Transferred subjects should ordinarily be shown separately, unless such separation be obviously unnecessary In the case of Central transactions, those pertaining to agency works should similarly be kept distinct from other transactions

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*(ii) Financed from Ordinary Revenue	Major Head "16 B—Irrigation *Works or Navigation,* Embankment and Drainage Works"	Major Head "55—*Deduct Amount financed from Ordinary Revenues*"
(iii) Financed from Ordinary Revenue in previous year but repaid during the year from Capital Account	Major Head "55—*Add* Repayments of Capital Expenditure charged to Ordinary Revenues"	Major Head "16—*Deduct* Repayments of Capital Expenditure charged to Ordinary Revenues"
*Expenditure on Irrigation, Navigation, Embankment and Drainage Works for which Capital Accounts are not kept, met from Famine Relief Fund	Major Head "15 (i)—Other Revenue Expenditure financed from Famine Relief Fund —Irrigation Works Navigation, Embankment and Drainage Works"	Major Head "15—*Deduct* Amount financed from Famine Relief Fund"

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and assets of the year have not been resorted to, which might either have caused actual loss or extra expense to the State, or might possibly result therein or be otherwise not conducive to financial efficiency.

1. In the audit of the accounts of other months of the year also, as well as at local inspections of Public Works offices, these points should be borne in mind.

649. If the March accounts of any division, or the Statement of cheques issued during March (*vide* paragraph 579 of the Public Works Account Code) received from it, indicate an unusual and serious rush of payments towards the close of that month, the Higher Audit section should investigate the causes and the effects of the rush and the hurried payments which it must have involved.

Verification of Completion Reports.

650. On receipt of a Completion Report or statement, *vide* paragraph 364 of the Public Works Account Code, the expenditure noted therein should be verified with the figures recorded in the Works Audit Register and the documents should be forwarded to the Superintending Engineer. The accounts of the work should then be closed, if this has not already been done and if there is an excess over the sanctioned estimate requir- ... should be watched through the

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Page 260, Article 651.

Insert the following as rule 2 under this Article :—

2. In connection with the verification of the Schedules and the financial statements accompanying the Completion Reports on Irrigation and allied subjects the Government of India have ordered that :—

(*i*) the Schedules A to E should initially be signed by the Officer-in-charge of the project (who is particularly responsible for figures in columns 5—9 of Schedule D and consequently column 10 of Schedule E) and countersigned as 'Verified' by the Principal Auditor in token of his verification of actuals and classification, and

(*ii*) the financial statements should similarly be signed and countersigned but in this case the Audit Officer should do so under the words " Actuals and calculations checked ".

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 64, dated the 4th April 1936.]

Accounts of Special Transactions.

652. Whenever an order is passed by competent authority, see Article 181-A (*b*), transferring any Public Works to the administrative control of a department other than the Public Works Department, the accounts classification of the revenue and expenditure transactions so transferred should be determined by the Accountant General in consultation with the Auditor General. Subject to such exceptions as may be authorised by the Accountant General with the previous concurrence of the Auditor General, the transactions should be accounted for in the forms and under the procedure prescribed in the Public Works Account Code for similar transactions of the Public Works Department, and the audit procedure will also be similar.

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653 In all accounts, estimates, reports and statistics, the transactions pertaining to the Central and Provincial sections of the public accounts and in the case of Provincial expenditure, those relating to Reserved and Transferred subjects should ordinarily be shown separately unless such separation be obviously unnecessary In the case of Central transactions those pertaining to agency works should similarly be kept distinct from other transactions

654 Ordinarily, expenditure brought to account by Divisional Officers does not include any non voted charges If any such charges enter the accounts of a Divisional Officer, the Accountant General should issue suitable instructions directing the separate exhibition of the transactions in the divisional accounts, so that they may be booked separately in the Detail Book

Field Works

655 When works in connection with military operations in the field are entrusted to the Public Works Department the procedure for expeditiously bringing to account and for auditing the connected transactions should be laid down by the Accountant General in accordance with instructions received from time to time from the Auditor General

Annual Transfer Entries

656 Before closing the accounts of the year the following corrections in accounts should be carried out, by transfer entries —

Expenditure concerned	Heads to be debited	Heads to be credited
Expenditure on construction of Irrigation, Navigation, Embankment and Drainage Works for which Capital accounts are kept—		
*(i) Financed from Famine Relief Fund	Major Head ' 16 A—Irrigation Works or Navigation Embankment and Drainage Works	Major Head " 55—*Deduct* Amount financed from Famine Relief Fund "
*(ii) Financed from Ordinary Revenue	Major Head ' 16 B—Irrigation Works or Navigation Embankment and Drainage Works '	Major Head ' 55—*Deduct* Amount financed from Ordinary Revenues
(iii) Financed from Ordinary Revenue in previous year but repaid during the year from Capital Account	Major Head 55—*Add* Repayments of Capital Expenditure charged to Ordinary Revenues	Major Head "16—*Deduct* Repayments of Capital Expenditure charged to Ordinary Revenues"
*Expenditure on Irrigation Navigation Embankment and Drainage Works for which Capital Accounts are not kept met from Famine Relief Fund	Major Head "15 (i)—Other Revenue Expenditure financed from Famine Relief Fund —Irrigation Works Navigation, Embankment and Drainage Works	Major Head "15—*Deduct* Amount financed from Famine Relief Fund"

* These transfer entries are not necessary in cases where the Divisional Officers are allowed to operate on the heads ' 16 A ', ' 16 B ' and ' 15 (i) ' direct

Expenditure concerned.	Heads to be debited.	Heads to be credited.
Interest for the year, for the expenditure on Irrigation, Navigation, Embankment and Drainage Works, as calculated in Part IV of Account Code Form 44 "Administrative Accounts of Irrigation, Navigation and Drainage Works."	Major Head "14—Irrigation Works, Navigation, Embankment and Drainage Works.	Major Head "19—Provincial Section (or, in the case of Minor local Governments, the Central Section) under the division—*Deduct* Interest transferred to Commercial Departments (or in the case of Central Section—*Deduct* Interest transferred to Commercial Departments and Provincial Governments)."
Portion of Land Revenue due to works of Irrigation, Navigation, Embankment and Drainage for which capital accounts are kept.	Major Head "V—Land Revenue" *Deduct* portion of Land Revenue due to Irrigation, Navigation, Embankment and Drainage Works for which capital accounts are kept.	Major Head XIII. A(1), A(2), B(1), B(2) } Minor Head—Portion of Land Revenue due to works.
Portion of land revenue due to works of Irrigation, Navigation, Embankment and Drainage for which no capital accounts are kept.	Major Head "V—Land Revenue." *Deduct* portion of Land Revenue due to Irrigation, Navigation Embankment and Drainage Works for which no capital accounts are kept.	Major Head "XIV—Irrigation, Navigation, Embankment and Drainage Works for which no capital accounts are kept. A, B } Minor Head—Portion of Land Revenue due to works.
Distribution of the charges of Establishment and Tools and Plant over major heads concerned under the rules in Appendix 7 to the Public Works Account Code.	Major Head concerned ..	Major Head to which the Establishment and Tools and Plant charges were debited in the first instance.

Annual Accounts of Cemetery Endowments.

657. Two points require special attention in the audit of the Annual Accounts of Cemetery Endowments, P. W. A. Form 90, received from Divisional Officers :—

(1) The total amount of the endowments, ordinary as well as special, of each cemetery, as shown in column 2, should agree with the corresponding figures in the broadsheet, Form 65, referred to in Article 642, and

(2) all the entries in column 3 in respect of interest should agree with the details recorded in the Schedule of Debits to Miscellaneous Heads of Accounts, P. W. A. Form 76, for the month of March of the year preceding that to which the Annual Account relates.

658 After all the divisional Annual Accounts Form 90, have been checked a consolidated account in the same form should be prepared therefrom for the entire province and when the totals of columns 2 and 3 (total endowments and interest) have been reconciled with the Ledger for the year and the Detail Book for the previous year, the consolidated Account should be submitted to the Local Governments as required by paragraph 16 of Appendix 5 to the Public Works Account Code

Financial Results of Irrigation, Navigation, Embankment and Drainage Works

659 The financial results of Irrigation Navigation, Embankment and Drainage Works for which Capital and Revenue Accounts are kept are reported by the Government of India yearly to the Secretary of State in Form No 66 Each Accountant General should prepare a statement in this form and submit it through the local Government so as to reach the Government of India not later than the 1st November The figures for this return should be obtained from the Administrative Accounts, Account Code Form 44 so far as accounts figures are concerned , other figures should be based on information supplied by the Public Works Department authorities

660 In column 2 "Names of Works ', of the form should be detailed *the names of all works separate totals being brought out for* Productive and Unproductive works thus —

Productive Works

A —Irrigation Works

TOTAL

B —Navigation, Embankment and Drainage Works

TOTAL

Total Productive Works

Unproductive Works

A.—Irrigation Works

....

....

....

TOTAL ..

B.—Navigation, Embankment and Drainage Works

....

....

....

TOTAL ..

Total Unproductive Works ..

661. The estimated cost of construction (column 5) should be determined in the manner indicated in Chapter 17 of the Account Code and should, therefore, agree with the figure shown in Part VI of Account Code Form 44.

662. The Government of India have particularly requested that the statement submitted to them should be prepared on the standard printed form and on one side of the paper only. The object of this request is that the preparation of the combined all-India return may be facilitated; for, if the width of the columns of the several Provincial returns is identical, a recompilation of the return by the Government of India will thereby be obviated.

Other Annual Statements

663 As soon as possible after the close of the year, the following annual statements should be prepared and forwarded to the authorities concerned on such dates as may be settled locally —

Serial No	Information to be furnished	To whom submitted
1	Detailed schedules of revenue and expenditure of the Public Works Department (in such detail as the local Government may require) These schedules are ordinarily the same as those referred to in Serial No 11 of Appendix I to the Account Code	Local Government
2	Financial details to be embodied in the Administration Report on the Public Works Department (in such form as the local Government may prescribe in consultation with the Accountant General)	Public Works Department of the local Government

1 The Schedules for Establishment and Tools and Plant (pertaining to Statement No 1) should be supported by the necessary details to show the distribution of such charges over major heads, in accordance with the rules in Appendix 7 of the Public Works Account Code In all schedules, the expenditure on Central, Provincial Reserved and Provincial Transferred subjects should be shown separately

Annual Certificates of Balances

664 Divisional Officers Annual Certificates of Balances P W A. Form 91, on receipt should be examined and Certificates Nos 1 and 3 reconciled with the respective schedules *vide* Article 621 Any points which are indicative of deviation from any financial rule should be taken up with the Divisional Officer or higher authorities, as the case may require Cases in which the sanctioned limits of Stock reserves or of balances of Stock appear to be unusually high or in excess of the normal requirements of the divisions concerned should be reported to the Higher Audit section for such action as may be considered necessary by the Accountant General

1 For rules relating to the annual review of balances see Account Code, Chapter 13

Chapter 36.—The Monthly Account.

Preliminary Examination.

665. On receipt, the Monthly Account, P. W. A. Form 80, should be examined to see that the account and the supporting schedules and other documents, as detailed in the List of Accounts, P. W. A. Form 83, which should invariably accompany the account, have been received in a complete state. If any documents are missing, they should at once be called for by special letter, and if the account and the List of Accounts were not signed by the Divisional Officer, and the Divisional Officer's Report of Scrutiny of Accounts, Form 84, is not received within ten days of the receipt of the accounts, it also should be called for, a suitable remark being at the same time made in the Audit Note (*vide* Article 676), not to be withdrawn until the report is received and found to be in order.

1. If it is noticed that the Monthly Account of a division is received habitually over the signature of the Divisional Accountant, the fact should be brought to the notice of the Inspecting Officer when proceeding to inspect the accounts of the divisional office, *vide* Article 834.

Audit.

666. The work of audit should be taken up at once. The several schedules, schedule dockets, vouchers, etc., received in support of the Monthly Account should be examined to see that they are in all respects properly prepared in accordance with the rules applicable to each case, and audited in detail in accordance with the general, as well as special, instructions prescribed in the relevant chapters of this Code.

667. The following additional points should receive attention :—

(*a*) In respect of all transactions other than Payments in Cash and Receipts of Cash, it is important to ascertain that each debit item is counterbalanced by one or more credit items, and *vice versâ*.

(*b*) In the case of all credits (whether cash receipts or transfer credits) which represent either (1) sale-proceeds of stores or other property, or (2) their transfer value, it should further be seen—

(*i*) that the disposal of the property has been authorised by competent authority, and

(*ii*) that the full value (including supervision or other charges leviable under rule) of the property has been charged,

or, if there is a loss, that the loss has been sanctioned by competent authority

(c) All schedules and accounts should be checked arithmetically

(d) In regard to accounts with balances it should be seen that the opening balances of a month are correctly brought forward from the previous month in such detail as the prescribed form of the account requires

(e) In cases in which the figures of one account should work into another account the two accounts should be reconciled with each other, and finally it should be seen that all the main accounts, thus proved correctly work into the Monthly Account P W A Form 80

668 It is an important function of audit to see that in all cases falling under clauses (b) and (c) of Article 202 the progressive expenditure does not exceed the divisional appropriation sanctioned for individual works or items of expenditure or for groups of works or items of expenditure The Works Audit Register affords facilities for conducting this check *vide* Articles 554 555 and 556 If in any case the up to date expenditure is in excess of appropriation or is not covered by appropriation a suitable entry should be made in the Objection Statement except when such expenditure is not open to audit objection under paragraph 115 (e) of the Public Works Account Code See also Article 522

669 Item No 32 " Cash Balance $\frac{\textit{diminished}}{\textit{increased}}$ " of the Monthly Account should then be checked to see that it is equal to the difference between the closing cash balance of the month (as certified by the Divisional Officer on the Monthly Account or on the Report of Scrutiny of Accounts as the case may be) and the opening balance of the same month (shown in the Monthly Account) which should be checked with the previous month's closing balance

1 The " Memo of Miscellaneous Cash receipts paid into Treasuries " and the Divisional Officer s " Certificate of Cash Balance " recorded on the reverse of the Monthly Account should be examined to see that they do not indicate any deviation from rule

2 *The closing cash balance of the Monthly Account for March must* be supported by the original reports and the certificate referred to in paragraph 579 (a) of the Public Works Account Code It should be seen that these documents have been received and that the balances certified therein are equal in the aggregate to the closing cash balance as shown in the Monthly Account

670 All the items of receipts and disbursements shown in the Monthly Account having thus been tested the two totals of the account should then be checked arithmetically if they agree with each other, the account is proved and should be passed for an amount equal to the total of the column for " Disbursements " excluding the increase (if any) in the cash balance The audit enfacement, stating the amount

passed both in words and figures, should be recorded in red ink on the Monthly Account, over the signature of the Gazetted Officer.

1. It is not necessary to send a formal intimation of audit to the Divisional Officer, as the results of audit will be communicated to him in the form of the Audit Note and the Objection Statement (*vide* Article 739).

Corrections.

671. *Any item in the Monthly Account* found to be incorrect, should be *corrected in red ink*, and if, in consequence of such correction or for any other reason, the account does not balance, the difference should be brought to account thus—

(*i*) if the total receipts would be more than the disbursements, the difference, *representing a shortage in the account*, should be brought on to the Schedule of Miscellaneous P. W. Advances, P. W. A. Form 70, by a suitable entry, necessary corrections being made not only in that schedule but also in the Classified Abstract of Expenditure, P. W. A. Form 74, and the Monthly Account itself ;

(*ii*) if the total disbursements exceed the receipts, the difference, *representing a surplus*, should be brought on to the Schedule of Deposits, P. W. A. Form 78 (or 79), by a suitable entry, necessary corrections being made only in that schedule and the Monthly Account.

With these corrections, the Account will balance as if there were no error in it or in any of the supporting schedules.

672. All corrections made in the Monthly Account, or in any of the schedules, should be advised to the Divisional Officer through the Audit Note (Article 739), for the correction, after verification, of the relevant records of the division ; *vide* paragraph 586 of the Public Works Account Code.

1. If the accounts of a division, especially the Monthly Account, are found to contain errors habitually, unless these be trifling, the fact should be brought to the notice of the Deputy Accountant General, so that the necessary admonition or warning may be issued to the Divisional Accountant.

Vouchers.

673. After check, every voucher or account should be enfaced in red ink with the word " Audited " over the initials of the auditor, and, in the case of vouchers, if the calculations have also been tested arithmetically, the clerk who checked them should certify the fact by writing the word " Computed " over his initials.

1. The Accountant General may authorise the use of perforating, or endorsing stamps, impressing distinguishing marks or numbers, which would indicate the persons who are responsible for the audit or arithmetical check, as the case may be. Where this system is in force, a register should be kept showing the distribution of these stamps (with the acknowledgments of the auditors and clerks concerned), and the latter should take care that the stamps are kept with care, and are so used as not to obliterate or destroy any important writings on vouchers.

674 If any objection is taken in audit to a voucher, or to any item in a schedule or other account, a note of the objection should be recorded thereon in red ink in sufficient fulness to make it readily understood

675 A list of vouchers, and another for other documents, which should have accompanied the Monthly Account but are not received up to the time of completing the audit of the Account, should be prepared for inclusion in the Objection Book and the Audit Note, respectively. These lists should include such of the missing documents referred to in Article 665 as may still be awaited

1 If it is found that a substantial percentage of the vouchers of a division is habitually received late, a special enquiry should be made to ascertain the reasons for the delay, and to seek the co operation of the Divisional Officer in applying the remedies which the Audit office may consider advisable It should particularly be *seen that the delay is not indicative of dilatory habits of work, on the part of the* Divisional Accountant, in applying the necessary check to the vouchers of Sub Divisional Officers

676 Vouchers and other documents which were not received with the Monthly Account should, on receipt subsequently, be examined in detail in the same way as they should have been examined if received at the proper time , and the Superintendent will be responsible for seeing that this precaution is invariably taken when removing from the Objection Book or the Audit Notes as the case may be, any reference to such documents

Supplementary Account

677 The Supplementary Account of the year should be dealt with in audit, as far as possible, in the same way as the Monthly Account of one of the months of the year It should be borne in mind, however, that there can be no cash transactions in this account, nor any actual transactions of Stock, and that transfer transactions are permissible only to the extent indicated in paragraphs 582 and 583 of the Public Works Account Code

Chapter 37.—Works Audit Summaries.

Preparation for Compilation.

678. After a Monthly Account has been audited, or prior to audit under the proviso in Article 133, the total receipts and disbursements (which are equal, *vide* Article 670) should be posted in the Statement of Disburser's Accounts, Form 60, referred to in Article 507, and the account should then be utilised for posting the Classified Abstract (*see* Article 502).

1. The entry in Form 60 should be initialled by the auditor, who should remember that there will be no entries in the columns for the opening and closing balances, *vide* Article 503.

2. If the number of Public Works divisions in an Audit circle is large, it will usually be found convenient to maintain a separate Form 60 in the Works Audit Department, and to post the totals of it in the main form referred to in Article 507.

Registration of Details.

679. The Accountant General will lay down the extent of the detail which may be recorded in the Classified Abstract and in subsidiary summaries maintained in the Works Audit Department, respectively, in respect of Public Works transactions brought to account through the Monthly Accounts of Divisional Offices. In any case, it is essential that the Classified Abstract should be the main record, so far as the entire circle of audit is concerned, in respect of—

(1) Receipts of the following classes, classified under major, minor and detailed heads :—

Revenue Receipts ;

Receipts and recoveries on Capital Account ;

(2) Refunds of Revenue, classified under major, minor and detailed heads.

(3) Other expenditure transactions, classified under major and minor heads, and such other heads of account as are declared to be primary units of appropriation, or are distinct suspense heads.

(4) Debt (including remittance) head transactions, classified under local ledger heads.

Other details may be recorded either in the Classified Abstract or in the summaries, provided that no details are dispensed with altogether.

1. It is permissible to utilise as summaries any of the broadsheets maintained in the audit sections.

680. *Deleted.*

Works Audit Summaries

681 In respect of details excluded from the Classified Abstract, it should not ordinarily be necessary to prepare every month a complete provincial summary of the transactions of all divisions of the circle of audit, where such a summary is necessary oftener than three or four times in the year, it will usually be found more convenient to record the details in the Classified Abstract Divisional summaries may, however, be prepared monthly or as often in the year as may be necessary for the purpose either of furnishing any statistical information required by Government or of facilitating the preparation of the provincial summaries At the close of the year, it is essential that the total of the transactions of the year, for the entire circle of audit, under each head excluded from the Classified Abstract, should be known, the information being required both to make up the deficiency of the Classified Abstract and to facilitate the preparation of the statements required for the Finance and Revenue Accounts and the several *Pro formâ* annual accounts

682 Any summaries prescribed under the foregoing rules should be prepared as indicated below —

(*a*) In respect of transactions of the classes enumerated below, from the audited divisional schedules pertaining thereto—

Revenue and other receipts,

Suspense Accounts,

Deposits,

Takavi Works Advances,

Refunds of Revenue

(*b*) In respect of other transactions (including works expenditure included in the accounts of Deposits and Takavi Works Advances), from the Works Audit Registers, which show all the necessary totals (*vide* Article 554), including those for detailed heads of expenditure subordinate to each primary unit of appropriation

683 The forms of the summaries may be prescribed by the Accountant General according to local requirements In writing them up the arrangement of the prescribed major, minor and detailed heads should, however be observed strictly, and as far as possible, the results brought out should be reconciled with the corresponding figures in the Classified Abstract the responsibility for this agreement being placed on a member of the superintending staff

Treasury Audit Summaries of Public Works Transactions

684 Revenue and expenditure transactions of the Public Works Department which are brought to account direct on the books of the Accountant General do not enter the Monthly Accounts of Divisional Officers and are, therefore, excluded from the Works Audit Registers as

well as the summaries of the Works Audit Department. These transactions will ordinarily be entered in the Departmental Classified Abstract in full detail, but, if the Accountant General finds it more convenient, the details leading to the primary units of appropriation may be excluded from the Departmental Classified Abstract, in respect of expenditure transactions, provided that suitable summaries are maintained in the Treasury Audit Department in respect of the excluded details. Subsidiary registers will, in any case, be necessary to summarise, in detail, the receipts relating to projects for which separate revenue accounts have to be maintained. See also paragraphs 252 and 257 of the Public Work Account Code.

Works Transactions for Other Departments.

685. In respect of revenue and expenditure transactions connec with works of the Departments of the Central Government named* bel the execution of which is entrusted to the Public Works Department a standing arrangement, and for which the Accountant General act the sub-Audit Officer of the Departmental Audit Officers concerned. (Article 614), it is not necessary to record any details in the Clas Abstract, beyond treating the connected transfer transactions as pe ing to the Remittance account concerned. The details of the m transactions of this class are recorded in the Works Audit Registe in the audited divisional schedules, in the same way as corresp transactions of the Public Works Department itself. Suitable sun may be maintained or compiled, whenever necessary, for furnishi accounts or statistical information as may be required by the mental Audit Officers or other authorities.

*Military Engineer Services ;
Royal Air Force ;
Railway Department ;
Indian Posts and Telegraphs Department ;
Archæological Department.

Chapter 38 —Settlement of Remittances

Introductory

686 In Chapter 32 has been prescribed the detailed procedure for checking the Schedules of Debits (and Credits) to Remittances, P W A Form 77, received from divisional offices To complete the audit of remittances, it is necessary to see (1) that each transfer adjustment which remains uncleared within the accounts of Public Works Officers for the month in which it is brought to account is settled in due course by a corresponding adjustment of the opposite character whether within or outside the accounts of Public Works Officers (2) that transfer adjustments which appear in the first instance outside the accounts of Public Works Officers, but have to be brought to account by the latter are so brought to account in due course and (3) that generally the settlement of remittance transactions of all classes proceeds expeditiously and in accordance with rule The detailed instructions for securing these objects are given in this chapter

Transfers between Public Works Officers

687 The procedure for watching the clearance of unacknowledged balances under the head ' Transfers between Public Works Officers '' is as follows After all the Schedules of Debits (and Credits) to Remittances P W A Form 77, have been audited all unacknowledged items of this class should be posted in the Broadsheet of Public Works Transfers Form 67 columns 1 to 5 being used for the purpose The clearance of individual items should be watched by posting monthly, in the appropriate column of the Adjustment portion (column 6 onwards) of the broadsheet, the amounts of items cleared from time to time see also Article 603 After the audit of the accounts of August December, and every subsequent month of the official year a suitable memorandum of reconciliation with the ledger balance should be recorded in the broadsheet Thus for December the memorandum will be as follows —

		Rs
Amount outstanding at end of August		000
Add Fresh items—	Rs	
September	000	
October	000	000
November	000	
December	000	
Total		000

	Rs.	Rs.
Deduct Items adjusted—		
September	000	
October	000	000
November	000	
December	000	
Amount outstanding at end of December..		000
Amount outstanding as per ledger		000

688. At the close of the year, there should be no balance under this remittance head, and with this object, the list of outstanding items should be reviewed monthly towards the close of the year, and steps should be taken, in correspondence with Divisional Officers, to get all transfers responded to, or written back, before the accounts of the year are closed. See also paragraph 491 of the Public Works Account Code.

Public Works Remittances.

689. The detailed classification of the head "Public Works Remittances" is given in Articles 604 and 605.

690. The procedure for dealing with heads I.—Remittances into Treasuries and II.—Public Works Cheques is as follows. As the divisional Schedules of Monthly Settlement with Treasuries, P. W. A. Form 51, are checked, broadsheets in Forms 68 and 69 should be posted therefrom in respect of transactions (cheques and cash remittances respectively) with treasuries in account with the Accountant General. Each broadsheet, when completely posted, should be totalled, and its totals agreed with the corresponding figures in the ledger. At the close of the year, the outstanding differences should represent merely the amounts of cheques drawn up to 31st March remaining uncashed by that date, and cash remittances in transit on that date. All other differences should be enquired into and adjusted before the accounts of the year are closed.

1. This monthly reconciliation, so far as the Civil figures for each treasury are concerned, is made on the basis of Treasury Officers' monthly certificates received with the accounts of Public Works Officers. If the month's total, thus arrived at, for "Cheques cashed at treasuries" or "Remittances acknowledged by Treasury Officers", as the case may be, agrees with the corresponding figure in the Detail Book, no reference to treasury schedules will ordinarily be necessary, but in cases of difference, a detailed comparison of the Treasury Officers' certificates with the schedules should be made with a view to tracing the discrepancy.

2. The procedure for dealing with the transactions (cheques and cash remittances) of Public Works Officers with treasuries in account with another Accountant General is described in Articles 695 and 696.

691. Debits and credits under head III.—Other Remittances—(a) Items adjustable by Civil Officers, which appear in the accounts of Public Works Officers, should be adjusted in the Civil section of the accounts in the same way as similar transactions of inward exchange accounts. The procedure prescribed in the Account Code in respect of the adjustment of non-Public Works transactions of inward exchange accounts should be observed, with such local modifications as the

No. 96.

Page 275, Article 691—

Insert the following as a Note below this Article —

NOTE —The [illegible] of the P[illegible]bl[illegible]c Health Department which appear in the accounts of Public [illegible] "Depart mental Adjusting [illegible] nt" under "P.—Deposits and Advances [illegible] [illegible]ic Works Remittances

[Audit Code, Vol I, 1st Edn (2nd Rep), No 96, dated the 1st June 1936]

[illegible] of Inward Ex change Accounts), in the same way as if this Part I were a Schedule C or D in support of an outward exchange account As soon as the totals of the postings have been reconciled with the Detail Book, full particulars of each transaction (including the month and item number of Part I) should be intimated, in suitable form, to the Divisional Officer concerned to enable him to respond to the transaction

1 To expedite adjustment, the Accountant General may authorise earlier issue of the intimations to Divisional Officers, provided that (*a*) an item advised is at once registered in Part I and an item number is assigned to it, and (*b*) as soon as the Civil Account of a month is closed the entries in Part I are totalled and the total reconciled with the corresponding figures in the Detail Book

693 The clearance of debits and credits under head (*b*) registered in Part I of the Register as above should be watched through Parts I, II and III of the Form, on the basis of responding credits and debits as shown under this head in the audited divisional Schedules of Remit tances P W A Form 77 The procedure prescribed in the Account Code for watching the adjustment of Public Works items of inward ex change accounts should be observed with such local modifications as the Accountant General may consider necessary, it being remembered, however, that unless special steps have been taken (*vide* Rule 1 to Article 692) to expedite the settlement of items to be responded to by Public Works Officers, the earliest month in which an item will be responded to in the ordinary course is the second month following that in which the *original debit or credit appeared in the Civil section of the accounts As* in the case of transactions under head (*a*), it is essential that not only should the adjustment of individual items be watched closely, but also the total uncleared balances should be tested month by month, and all transactions of a year should be settled before the accounts of the year are finally closed

Exchange Accounts

694 The detailed procedure for watching the clearance of exchange account transactions is described in the Account Code, as this work is, for the most part, done in a separate section of the office unconnected with any of the Audit Departments

695 If any Public Works Officers in account with the Audit office have been permitted to have dealings with any treasuries in another *Audit circle, or with any Military treasure chests, broadsheets in Forms*

68 and 69 (*vide* Article 690), should be kept in the Works Audit Department, separately in respect of the transactions (cheques and cash remittances) relating to the *treasuries or treasure chests of each Audit circle*, as the responsibility for watching the clearance of the transactions devolves primarily on the Audit Officer with whom the Public Works officers are in account.

696. The monthly totals of these broadsheets should be reconciled thus:—

(*i*) Cash remitted by Public Works Officers. (*ii*) Cheques issued by Public Works Officers.	with the corresponding figures in the Detail Book.
(*iii*) Remittances acknowledged by Treasury Officers. (*iv*) Cheques cashed at Treasuries ..	with the *totals of the relevant credits* and debits (as the case may be) *in the inward exchange account concerned.*

Differences in respect of (*i*) and (*ii*) would indicate errors of accounting which should be traceable within the office. If any difference is found in respect of (*iii*) or (*iv*), the entries in Schedule A or B, as the case may be, received with the inward exchange account, should be compared in detail with the relevant postings in the broadsheet and the discrepancies traced and settled, in communication with the Accountant General concerned if necessary.

PART V.

FOREST AUDIT.

Chapter 39 —Forest Audit

Cash Account

697 The accounts of receipts and disbursements which are rendered by Divisional Forest Officers in the forms prescribed in the Forest Ac count Code should be checked to see that the disbursing officers have ren dered correct accounts of the transactions in their charge and that all the subsidiary accounts correctly work up to the Cash Account in Forest Account Form 6

Receipts and Charges

698 All vouchers in support of payments should be examined in the same manner generally as payment vouchers received from treasu ries and it should be seen that sums receivable have been received and duly brought to credit a register in Form 40 prescribed for special recoveries (Article 434) being maintained if necessary

699 Charges should be examined with reference to sanctions and appropriations therefor and as to advances and recoverable payments generally it should be seen that they are covered by proper authority

700 Works and conservancy charges lying outside the powers of sanction of the Divisional Forest Officer either because of their nature or their amount should receive special attention and it should be seen that the requisite sanction exists and that it has not been exceeded without proper authority Audit Registers in Forms 16 and 19 pre scribed for Special and Periodical charges (Articles 315 and 316) with such modifications as may be considered necessary should be main tained for this purpose

701 A point of special importance in connection with works and conservancy charges is that when expenditure on a work is spread over two or more months the total expenditure up to date is watched against the sanction in addition to seeing that the appropriation for the head of account or any other prescribed unit of appropriation is not exceeded

Care should also be taken that works forming parts of a single scheme, even though sanctioned piecemeal, are grouped together in order to see that the whole scheme has received the sanction of competent authority and that the aggregate expenditure does not exceed the amount of the sanction without proper authority.

702. Charges recorded under the head "B—Establishments" are subject to the ordinary rules and procedure of audit relating to such charges.

702-A. With reference to the particulars furnished in the vouchers, in the classified abstract of expenditure, and in monthly lists of sanctions (Article 48 of the Forest Account Code), it should be seen that the charges are correctly classified, and in particular that the allocation under "Capital" and "Revenue" is in accordance with the prescribed rules. In cases of doubt, the required information should be obtained from the Departmental Officers, so that the charges may be classified correctly.

Forest Remittances.

703. The monthly extracts from the Registers of Cheques (Forest Account Form 4) received from Divisional Forest Officers should be completed in respect of dates of encashment of cheques at the treasury. A register in suitable form should be maintained for checking the credits in the Accounts of Divisional Forest Officers with the corresponding debits in the treasury accounts on account of cheques paid. The difference between the two sides of the account should be proved by the details of the uncashed cheques as brought out in the extracts from the Registers of Cheques, and individual items, if outstanding for more than three months, should be settled by reference to the Divisional Forest Officer.

704. Similarly, the remittances to treasuries as shown in the monthly Schedules of Remittances (Forest Account Form 15) should be reconciled with the schedules received direct from treasuries and the consolidated Treasury Receipts received through the Divisional Forest Officers and the debits in the Forest accounts should thus be checked with the corresponding credits in the treasury accounts, a register in suitable form being maintained for the purpose of this comparison. Differences should be settled promptly by correspondence with the Divisional Forest Officer or the Treasury Officer as may be necessary.

Book Transfers.

705. Debits and credits arising out of inter-divisional adjustments, where permissible under paragraph 21 of the Forest Account Code, should be set against corresponding credits and debits respectively. Ordinarily, when such transactions are paired, a note of agreement should be recorded in red ink by the auditors of both the divisions against the relevant entries in the Cash Accounts; but if the number of transactions is large, a suitable register may be prescribed, in addition, to facilitate watch over unadjusted transfers.

706 Book transfers with other departments, provinces, etc, should be classified as pertaining to the Remittance or Exchange Account concerned Ordinarily, debits and credits appearing in the inward exchange accounts are not adjusted until the transactions first appear in the Forest Account, but charges for Military and Medical stores supplied to the Forest Department are an exception to this rule

1 When the adjustment of an item appearing in an inward exchange account is held back on the ground that the relevant debit or credit has not appeared in the Forest Account, an enquiry as to the cause of delay in the adjustment of the transaction should be made of the Divisional Forest Officer

2 Transactions between Forest and Public Works officers of the same Audit circle, whether originating in the Forest or Public Works Accounts, should be classified under the head "Public Works Remittances"

Ledger Account

707 The Contractors' and Disbursers' Ledger (Forest Account Form 13) should be checked to establish that all the transactions pertaining thereto have been correctly posted, and that the opening and the closing balances are correct and the closing balances should be reviewed in order to see that the relevant rules and orders as to their clearance are observed Outstanding balances which are not cleared within a reasonable period should form the subject of special enquiry.

1 The instructions in Article 752 apply *mutatis mutandis* to Forest Advances

Review of Audit

708 The rules in Chapter 8 apply generally to both the concurrent and the post Review of the audit of Forest Officers' accounts

Abstracts and Summaries

709 As the divisional accounts are audited or prior to audit under the proviso in Article 133 the transactions of the month should be posted in a Classified Abstract for each forest circle The Classified Abstract should contain columns in which can be exhibited the transactions of each forest division in each month and also separate columns for the exhibition of monthly progressive totals of the circle It should open with the cash balance of each division, as brought forward from the previous month's account and the resulting balance should be proved by comparison with the total of the cash balances as certified in the Cash Accounts of the several divisions

710 The acounts of the month being thus proved, the classified abstract should be utilised as the basis of the Consolidated Abstract (see Article 502), which should be compiled through a separate classified abstract in which the total provincial figure under each head will be worked out The Accountant General will lay down the detailed procedure for the compilation of and the extent of the detail which may be recorded in the Consolidated Abstract

711. It is desirable that the accounts of Forest Officers' transactions should be incorporated in the Civil Account of the same month to which they relate, and no departure from this rule should be permitted in respect of the accounts of any division except under unavoidable circumstances, such as very late receipt of the Divisional Officer's Cash Account.

Results of Audit.

712. The resuts of audit should be communicated to the departmental officers in accordance with the rules in Chapter X of the Forest Account Code. *Objections will be registered and dealt with generally* in accordance with the rules in Chapter 42.

Progress Reports.

713. Monthly reports of the progress of revenue and expenditure, if required by Conservators, should be furnished to them in such forms as may be prescribed by the Local Government to suit local requirements. An annual summary may similarly be sent, if required.

PART VI.

RESULTS OF AUDIT.

Chapter 40—Objections in Audit

Introductory

714 The procedure for communicating the results of audit to executive and controlling authorities is described in Chapters 41 and 42 which pertain to the Public Works and non Public Works transactions respectively The general principles common to both classes of transactions are stated in this chapter

Registration of Objections

715 Objections and observations arising out of audit should be communicated at the earliest opportunity but objections should first be registered in detail in the prescribed records maintained in the Audit office

1 The rules in this chapter apply generally to all objections arising out of audit whether recorded centrally or locally As an exception, objections against disbursing officers which have arisen out of local audit but cannot be expressed in money values need not be registered in Objection Books

2 Mere instructions for future guidance need not be registered in the Objection Books maintained in the Audit Office If the pursuance of an objection indicates the need of prescribing a new procedure for general observance, such procedure should be communicated by a general letter and not by any form or statement intended solely for the communication of objections

3 For objections on the score of infringement of any canon of financial propriety see Article 118

716 The rule requiring the registration of all objections arising out of audit is subject to the qualification that objections which are trivial or have been waived by Audit Officers under any of the provisions of the rules in Articles 156 and 157 should not be included in Objection Books though a separate office record of objections waived should be maintained for production at the inspections of the Auditor General

NOTE—The maintenance of a separate record may be dispensed with in the case of objections waived under clause (2) (a) of Article 156

717. In all statistics relating to objections, it is desirable to show separately the figures relating to each of the groups named below :—

(1) Provincial and (2) Central.

The records of objections should be so maintained in the Audit Office as to facilitate the observance of this classification whenever necessary. It is not necessary to keep objections separately by *major heads, but, on* this point, Accountants General should comply with any express requests of the Government concerned.

1. Objections on miscellaneous transactions (*e.g.*, Non-Government Works in the Public Works Department), not pertaining to one of these classes may be booked under the group in which the bulk of the transactions of the office concerned falls.

2. *It is left to the discretion of each Accountant General to follow the method* of maintaining the record of objections by groups which may be found to be most suitable to his office. Where the number of objections is not large it would suffice to distinguish the items relating to each group by guide letters, but it is permissible to keep a separate record for any group where necessary. Objections relating to appropriations should, however, be recorded separately from other objections, *vide* Rule 2 to Article 737.

718. Again, for an efficient review of objections and of the progress of their clearance, it is desirable to keep the objections of each official year separate, even though their clearance may be effected in a subsequent year.

1. In the case of progressive expenditure, such as that on works under construction *in the Public Works Department, an objection to excessive expenditure* should be held to relate to the year in which it was first raised in audit, even though further expenditure may be incurred in a subsequent year.

719. All records of audit objections maintained in the Audit office must be written up with care, and watched closely both by the Superintendent and by the Gazetted Officer. Even though the Objection Statements have not been actually despatched, an objection once raised can be removed from the records of objections only under the initials of a Gazetted Officer or of a member of the superintending staff, who will be responsible that due authority exists, in each case, for the removal of the objection.

720. As far as possible, the entry of an objection, whether in the Objection Book or in the Objection Statement or Audit Note, should be fully descriptive, so as ordinarily to obviate the necessity of any further reference to the voucher or account concerned.

Clearance of Objections.

721. The responsibility for the removal of objections, and the settlement of other points raised in audit, devolves primarily upon the disbursing officers, heads of offices, and controlling authorities. With a view, however, to assisting the Finance Department of the Government concerned in the maintenance of financial regularity, and of a proper system of accounts, the Accountant General is expected to keep a constant and careful watch over objections and to keep controlling authorities fully acquainted not only with individual cases of serious disregard of financial rules, but also generally with the progress of the clearance of objections. The procedure to be observed should be determined by the Accountant General in consultation with the Finance Department.

The requirements of the Appropriation Accounts and Report, as stated in Appendix 16, should, of course, be borne in mind at all times, but these reports are not meant to obviate an intelligent, prompt and vigorous pursuance of objections and an early report of any important objections to the local Government Such reports shall be made to the Finance Department unless the local Government rule that they are to be made to the Administrative Department concerned

1 If an objection is raised requiring the sanction of the Secretary of State in Council and the Accountant General is of opinion that the case is one in which the Auditor General might appropriately exercise the discretion given to him under Rule 16 (2) of the Auditor General's Rules of condoning the failure to make a reference to the Secretary of State in Council, the Accountant General should communicate the facts of the case with his recommendations to the Auditor General

722 The adjustment of each individual objection should be watched through the prescribed records until clearance or withdrawal, as the case may be

723 The Accountant General should look to the Gazetted Officer and the Deputy Accountant General for the progress of adjustment, and unremitting personal attention to this duty on the part of the Gazetted Officer is indispensable

724 When an objection once raised has been withdrawn, either on reconsideration or in the light of information which was not available previously, the disbursing officer or other authority to whom the objection was originally addressed should be informed forthwith, as, otherwise, he remains unnecessarily responsible for taking steps to remove the objection

Money Values of Objections

725 In order to make a collective presentation, whether to controlling authorities or to the Legislature, of (1) the results of audit, and (2) the progress of the clearance of audit objections it becomes necessary to express the records of objections in money values, and for this purpose money columns have to be opened therein There are, however, classes of objections which cannot be suitably expressed in money value, or which, if so expressed, do not give an adequate or fair statement of the degree and extent of deviation from rule It is permissible, therefore, to omit values altogether in certain cases , in other cases, where values alone are misleading other particulars may be recorded in addition or values may be dispensed with altogether as may be settled in consultation with the Finance Department and with the previous approval of the Auditor General

726 Money values should be recorded in respect of objections of the classes enumerated below or similar objections —

General

1 Want of vouchers (if not received when the relevant accounts are under audit)

NOTE—In order to comply with the demands of the local Government for statistical information a separate subsidiary register may be maintained for the record of objections for want of payees' receipts Objections for want of detailed

bills also should be recorded in this register in the absence of any other register prescribed for the purpose, see Article 315. This register should be examined every month and the total amount outstanding therein after the end of the second month [third month in the case of payments made in such remote localities as (1) Port Blair, (2) Persia and other foreign countries], following that to which the objections relate should be transferred to the main Objection Book without any details beyond the Serial number or other indication that may be necessary for identification. This procedure may, at the discretion of the Accountant General, be extended to other definite classes of objections of a similar nature, provided that such objections do not involve substantial deviation from rule.

2. Want of sanction to advances, losses, etc.
3. Want of sanction to special charges.
4. Want of any other specific sanction required by rule.
5. Overpayments and short recoveries.
6. Delays in the recovery of sums due to Government, if not recovered within a reasonable period, which may be prescribed locally in respect of each class of debt.
7. Expenditure involving infringement of any of the canons of financial propriety.
8. Want of appropriation.
9. Excess over appropriation.

For Public Works transactions only.

1. Want of sanctioned estimate.
2. Excess over sanctioned estimate.
3. Want of financial sanction to works.
4. Want of administrative approval to works.
5. Excess over administrative approval.
6. Expenditure on Deposit works charged to Miscellaneous P. W. Advances.
7. Excess over sanctioned limit of reserve stock.

727. Money values need not be indicated in the records of objections of the following classes :—

1. An objection which takes the form of a simple direction for future guidance, or of a call for a document the absence of which is not likely to affect the amount admissible.
2. Stamp not affixed on a voucher otherwise complete.
3. Delays in the settlement of debts due by Government.
4. Habitual delays in the submission of account returns, vouchers, etc.
5. Fictitious adjustments and manipulations in accounts, unless an actual loss has resulted.

6 Deviations from rule which are indicative of disregard or evasion of rule but do not represent charges incurred without proper sanction

7 Excess over appropriation for Public Works Suspense heads when an assurance is received from competent authority that the excess is temporary and will not affect the net appropriation for the year (If, in the absence of such an assurance, the money value of the objection has been registered, a *minus* entry should be made in the money column for objection on receipt of the assurance)

8 Errors in accounts, vouchers, etc, which do not indicate any deficit or surplus

9 Instructions, and other remarks, regarding the form of accounts, etc

No. 98.

Page 285, Article 727—

Insert the following as item 13 below this Article —

13 Payment of Grants in aid when a certificate of utilisation is awaited from the Inspecting Officer

[Audit Code, Vol I, 1st Edn (2nd Rep), No 98, dated the 1st June 1936]

the several objections on the transaction should be booked separately, as if they relate to different transactions This feature of the system of registration should however, be borne in mind, and in all statistics and reports wherein the money values of objections of several classes may be commented upon, or presented collectively, every effort should be made to make due allowance for the exaggeration caused by this overlapping of objections and the existence of the overlapping and the steps (if any) taken to remedy it should be mentioned prominently

1 The Accountant General may in the case of non Public Works transactions, permit all objections on a transaction to be recorded under a single head—the most serious one—provided that suitable safeguards are adopted (*a*) for watching the removal of each of the objections and (*b*) for maintaining the general accuracy of statistics relating to objections

2 The detailed procedure for eliminating exaggerations due to the overlapping of objections may be prescribed by the Accountant General It should be clearly set out in the Office Manual

729 In some cases, it will be found impracticable to make allowance for the elimination of exaggerations *e g* when a Public Works Department voucher, relating to a number of works, is not received in audit, and the amount of the total expenditure covered by it is held under objection "for want of voucher" one or more parts of it may relate to expenditure on works which is separately held under objection for, say, "excess over estimate" and "excess over appropriation" and it may not, therefore, be possible, without introducing a system of complicated registration to determine the amount by which the separate objection "for want to voucher" will cause an overstatement of the total objections

In such cases, it will be found advisable to exclude, from all collective statistics, the whole figure relating to a particular class of objections and to mention this fact prominently in all reports and statements connected with the statistics.

Objections to insufficient or Irregular Sanctions.

730. There is a class of important objections which cannot be omitted from collective reports or statistics, but must be excluded from the ordinary records of the objections booked against disbursing officers. These are objections to insufficient or otherwise irregular sanctions accorded by (*i*) the Local Government or (*ii*) any other lower authority above the disbursing officer. A record of these objections should be kept in special registers in Form 72-A. A separate register should ordinarily be maintained for the record of objections relating to irregular sanctions of the Local Government and it should be reviewed periodically by the Accountant General. The Accountant General shall, at his discretion, determine the number of registers to be maintained for similar objections relating to sanctions accorded by other authorities and prescribe the manner in which the registers so maintained should be periodically reviewed. Correspondence relating to such objections should be addressed to the authority who accorded the sanction. The disbursing officer or officers should however be informed simultaneously that the sanction has been held under objection. If at any time before the removal of the objection it is considered necessary to retrench the amount disbursed, such retrenchment order shall be communicated to the disbursing officer through the sanctioning authority.

Periodical Abstracts of Objections.

731. If the local Government so desires, abstracts of outstanding objections should be prepared in suitable form and submitted to it on such dates as may be settled in consultation with the Finance Department (*vide* Article 721). These abstracts may be accompanied, when so required by the local Government, by suitable extracts detailing by Civil districts and Public Works divisions the more important of the outstanding objections.

Financial Irregularity.

732. The rules relating to the preparation of the Appropriation Accounts and Report are given in Appendix 16. The detailed procedure for the registration of special irregularities and for collecting such statistics as may be required for the preparation of the Report may be laid down by the Accountant General.

733. Reports of individual cases of serious financial irregularity should, in the first instance, be addressed to the controlling authority concerned, though copies may be sent to higher authority simultaneously for information in cases which are so serious that it is possible they will eventually be included in the Appropriation Accounts and Report.

1. In the case of Public Works transactions, the report should be sent to the Superintending Engineer under this rule.

734 It is not necessary to report individual cases of serious financial irregularity to the Auditor General unless his intervention is deemed desirable, but, in cases of doubt or difficulty the Accountant General may seek his advice, see also Article 721 All serious and interesting cases of fraud or forgery, and cases indicating the need for change of procedure, should, however, be reported at once for the information of the Auditor General

1 In all applications to the Auditor General for advice a clear statement should be made of the point at issue, of the view which the Accountant General thinks should be adopted of the action (if any) he has already taken and the action he proposes to take Copies of relevant reports and correspondence should accompany where these may be necessary to explain any points in detail

735 A record on the alphabetical card index system may, at the option of the Accountant General, be maintained, in Form 73 against the name of each Government servant responsible, of all serious financial irregularities with which his name is connected If he is the head of an office inspected by an officer of the Audit Department a note of the state of his accounts as adjudged at the inspection should also be made in this form This record should be treated as confidential If well maintained, it would give a valuable indication of the attention paid by Government servants to account and audit principles and would not only make it easy for the Accountant General to advise Government in matters indicating the need for disciplinary action but also facilitate compliance with any enquiries that the Finance Department or the Public Accounts Committee may make of him in such matters

NOTE—The auditor making the entries in the card index and the Accountant and Gazetted Officer examining them should attest the entries by placing the dated initials in the column provided for the purpose

Audit of Expenditure against Grants and Appropriations

736 In regard to objections for "want of appropriation" and "excess over appropriation" it should be remembered that objections falling under these heads are capable of being looked at from two distinct points of view In cases in which the further orders of a controlling authority are necessary to regularise the actual expenditure there is a financial irregularity the clearance of which has usually to be watched by the Audit office on behalf of the executive Government But, inasmuch as an objection under either of these heads may or may not cause a deviation from the grants voted by the Legislature it does not necessarily follow that there also exists a financial irregularity the clearance of which has to be watched by the Audit office on behalf of the Legislature This distinction should be observed and made clear where necessary when preparing any reports or statistics which are likely to be laid before the Legislature or the Public Accounts Committee

737 The scope of audit of expenditure against appropriation is defined in Article 202 The objections raised should always be expressed in money value (Article 726) separate records being maintained in connection with—

(i) audit on behalf of the Public Accounts Committee, and

(*ii*) audit on behalf of the executive Government.

The maintenance of a separate objection book in respect of objections covered by (*i*) above is not necessary, as the notes of excesses over grants and appropriations, which are required to be made in the register maintained under paragraph 94 of Appendix 16, Second Edition (Revised) are sufficient for the purpose. For (*ii*) above, a separate objection book should, however, be maintained if the Local Government requires that an Appendix to the Appropriation Accounts and Report should be prepared. Forms 75 and 78 may be utilised for the purpose after altering the headings where necessary. The Accountant General has full discretion to decide which section or sections should maintain the objection book.

738. Objections relating to appropriations are removed, during the course of the year, on receipt of orders sanctioning the necessary appropriation, reappropriation or a supplementary grant as the case may be. As stated in Article 199, no appropriation or reappropriation within the grants of a year can be authorised at any time after the expiry of the year. In consequence of this rule, objections for "want of appropriation" and "excesses over appropriation", if the official year has closed, cannot be met by the issue of a formal order of appropriation. Subject, however, to any rules laid down by the Finance Department of the Government concerned, such objections may, at the request of competent authority, be removed formally, provided—

(*i*) that there are known savings from which the necessary reappropriation could have been made if the year were still current,

(*ii*) that, if there are no such savings and the expenditure under objection is subject to the vote of the Legislature, either there is no *net* excess over the grant concerned requiring the orders of the Legislature, or, if there is such an excess, it is held separately under objection for (*a*) inclusion in the Appropriation Accounts and Report, and (*b*) watching the receipt of the necessary orders of the Legislature,

(*iii*) that, if there are no such savings and the expenditure is not subject to the vote of the Legislature, either there is no *net* excess over the grant concerned requiring the orders of the Government concerned, or, if there is such an excess, it is held separately under objection for (*a*) inclusion in the Appropriation Accounts and Report, and (*b*) watching the receipt of the necessary orders of Government.

Objections on the ground of "Want of appropriation" or "Excess over appropriation" may be removed on submission to Government of the Appropriation Accounts and Report in which they are included.

Chapter 41 —Objections on Public Works Transactions

Objection Statement and Audit Note

739 In presenting to Divisional Officers the results of the audit of divisional accounts a broad distinction should be observed between (1) objections to the substance of the accounts on the score of deviation from financial rules or canons of financial propriety on the one hand and (2) miscellaneous remarks observations and enquiries on minor matters and objections to the form of the accounts and vouchers as distinguished from their substance on the other The former should be entered in an Objection Statement Form 74 and the latter in an Audit Note the form of which may be prescribed by the Accountant General

1 Objections arising out of the audit of Public Works transactions not passing through the accounts of Divisional Officers are not dealt with in the Works Audit Department

740 The Accountant General will prescribe the detailed instructions regarding the classification of audit objections and remarks for the purpose of Article 739 but the general principles enunciated in Articles 741 to 744 should be observed in all cases

741 The objects to be aimed at are —

(a) That all irregularities in transactions as well as other points arising out of the examination of accounts and vouchers, should be registered in one shape or another unless they are trivial or the objection has been waived by competent authority *vide* Article 716

(b) That they should be intimated at once to the Divisional Officer, and thereafter pursued until regularised or explained satisfactorily

(c) That the Superintending Engineer should be given an opportunity of reviewing month by month in respect of each division through the Objection Statement relating thereto

(i) as soon after its occurrence as possible each irregular transaction which cannot be regularised without his orders or those of a higher authority

(*ii*) collectively, all irregular transactions which, unless there be further expenditure subsequently, can be regularised under the orders of the Divisional Officer himself, but regarding which no evidence of the issue of such orders has reached audit ; and

(*iii*) such of the other points raised in audit as may be considered important or indicative of serious disregard of rule.

The reports referred to in (*c*) (*i*) and (*ii*) above should be confined to irregular transactions noticed in the accounts of the division audited during the month, though, in respect of each item reported, the total amount held under objection (including the amount of previous objections, if any) should be brought out in the report.

The points referred to in (*c*) (*iii*) above need be reported at once to the Superintending Engineer only if the amounts involved are considerable, or the deviation from rule is serious ; the ordinary rule is that matters falling under this category need be reported to him only when it is noticed that they are not receiving adequate or prompt attention from the Divisional Officer.

742. In writing up Audit Notes, a distinction should be observed between (1) remarks and observations indicating errors of omission or commission, on the part of the Divisional Accountant, in the compilation or preliminary examination of the accounts, and (2) points relating to the substance of the transactions brought to account. As far as possible, points for which the Divisional Accountant appears to be wholly responsible and points for which the disbursing officers or other executive officials are responsible, wholly or in part, should be recorded in separate sections of the Audit Note. Further details of the procedure for the preparation and disposal of Audit Notes may be prescribed by the Accountant General who may also prescribe the form for it. See also Articles 527 and 529.

743. All objections entered in the Objection Statement must be recorded simultaneously in an Objection Book, Form 75, the general instructions in Article 771 being observed. Of the objections entered in the Audit Note, only those should be brought on to the Objection Book for which the maintenance of a money value record is necessary ; *vide* Articles 725 to 727. Such items should be marked " Obj. " in red ink in the Audit Note, so that, when they are cleared, on the return of the Audit Note, the need for making the adjusting entry in the Objection Book may not be overlooked, or, if the Accountant General prefers, a money column may be inserted in the form of the Audit Note.

744. As soon as they have been passed by the Gazetted Officer, the Objection Statement and the Audit Note should be sent to the Divisional Officer for his explanations and replies, the latter to be returned direct and the former through the Superintending Engineer who will add his comments and orders (*vide* paragraph 107 of the Public Works Account Code), which the Audit office should invariably quote in the forwarding endorsement on the Statement.

Objection Statement

745 The Objection Statement is divided into two parts —

I —Objections regarding estimates and appropriation for works

II —Miscellaneous objections

746 In Part I, only objections of the following main classes should be registered, the entries of amounts being made in the separate money columns provided for the purpose —

(1) Want of sanctioned estimate, (2) Excess over sanctioned estimate, (3) Want of appropriation, and (4) Excess over appropriation The first entry in this part should be in respect of the total amount of objection outstanding in the Objection Book under each of the four classes named, and it should be made in red ink thus—

Total up to date amount of expenditure held under objection on these grounds, including that pertaining to works detailed in this part

NOTE —Within a limit prescribed by the local Government, expenditure on repairs should not be placed under objection for want of appropriation during the first few months of the financial year—see Rule I under paragraph 115 of the Public Works Account Code

Then should be set forth objections of these four classes noticed in the audit of the accounts of the month to which the Objection Statement relates, and in doing so objections which are still within the powers of the Divisional Officer to remedy may, with advantage, be set out together at the commencement, preceded by the following remark made in red ink in column 3 of the form —

List of works the progressive expenditure on which has not yet exceeded the limits of the powers of the Divisional Officer to sanction on an estimate or pass as an excess, as the case may be, but regarding which no intimation of the sanctions or orders of the Divisional Officer or higher authority has reached the Audit office

Next should be detailed, under another red ink heading, all other objections of these four classes, *i e*, objections which it is definitely known cannot be removed without the orders of the Superintending Engineer or higher authority

747 Objections of the classes "For want of estimate" and "For excess over estimate" may not always be indicative of irregularity on the part of the disbursing officer, as he may be acting under the orders of superior authority To distinguish between objections for which he is personally responsible and those which should not be booked against him personally, these two heads may be suitably sub-divided into two each, if the Government concerned desires this distinction to be brought out in any reports or statistics of objections

758. Objections connected with the settlement of Exchange Account transactions should not be entered in the Objection Book, as a separate book is provided for them.

759. A set of pages of the Objection Book should be reserved for each distinct class of objection of which a separate record may be required for any purpose. The main classification of objections is given in Articles 745, 746 and 748. The head "Miscellaneous" is usually broken up into a number of convenient parts (one of which will always be "For want of vouchers") according to local requirements, *e.g.*, "For want of sanction to special charges," "Overpayments and short recoveries," and "Delays in the adjustment of debts due to Government." In cases in which audit is required to see to the existence of the necessary administrative approval to works (*vide* Article 545 and 546), it will be necessary to open two more heads, *viz.*, (1) For want of administrative approval, and (2) For excess over administrative approval.

760. A set of pages of the Objection Book should be reserved for keeping notes of overlapping objections (Articles 728 and 729).

Registration of Objections.

761. Under each head, the objection relating to each distinct transaction should be treated as a separate item, and a serial number should be assigned to it. When the collective expenditure on a work or an object of expenditure is placed under objection, the whole work or object should be treated as one item. In the case of works, etc., the transactions relating to which are of a progressive character, all subsequent objections should be held as relating to the same item, unless the nature of the objection necessitates its registration as an objection of another class.

762. The amount placed under objection during the month on any item should be noted against it in black ink in the appropriate column of the month concerned, and below this entry should be noted in green ink (as the denominator of a fraction the numerator of which is the entry of the amount placed under objection during the month), the progressive total of the amounts placed under objection to end of the month. In the case of objections classed as "Miscellaneous" full particulars of the objection should be placed on record. In the case of items, for which the money columns are not required to be filled in (*vide* Articles 725 to 727), the auditor will set his initials in the amount column of the month in which it has been placed under objection. The postings of all items objected to should be verified by the Superintendent at the time of his concurrent review of the accounts of the month, and, in token of this, after the entries of the month have been abstracted he should initial the entries in the abstract (*vide* Article 765).

1. If, in the case of any objection the money value of which was not originally recorded, it transpires subsequently that it should be recorded, the total amount under objection at the time of the discovery should be entered against it in the money column of the current month, with a suitable explanation in the column of Remarks, which should be attested by the Superintendent.

2 Objections regarding "Vouchers awaited" should be recorded in the Objection Book as two items, viz, (1) number of awaited vouchers and (2) amount of awaited vouchers, the objections pertaining to the accounts of different months being shown under different groups The numbers may be written in red ink or otherwise distinguished, so that they may not be included in the amounts when making totals

Clearance of Objections

763. An objection should be removed as soon as the necessary sanction, voucher, or document is received, or when the audited accounts show that the expenditure under objection is written back or recovered, or when the delay, defect or doubt, as the case may be, has ceased to exist or has been explained The removal of an objection should be indicated in the Objection Book by an entry of the amount adjusted in the column "Amount cleared" for the month following that of which the accounts were last audited, the progressive total of the adjustments being also noted, at the same time, in the manner prescribed for posting the amounts placed under objection In the case of items, for which the money column of the objection was not filled in the adjustment should be indicated merely by the initials of the auditor in the column for the month concerned As a precaution against error, a red ink line should be drawn across the page in all the remaining columns In the case of objections classed as "Miscellaneous," (*vide* Article 745), the reference to the order, account, voucher or other document on the authority of which the objection has been removed should also be noted in the column provided for the purpose

1 Brief notes of or references to, all correspondence or other action taken towards clearance of any objection should be kept in the column "Remarks" of the Objection Book

764 All entries regarding the adjustment of objections should be attested by the Superintendent In respect of objections removed by sanctions and orders, or by accounts, vouchers or other documents the examination or acceptance of which can be completed without waiting for the audit of a Monthly Account not yet received or audited, the Superintendent will be responsible that the adjustment is effected without delay and that the adjustment entry is attested by himself at the same time as the sanction or order, if any, is noted in the Works Audit Register (*vide* Article 754) Adjustments dependent upon the receipt or audit of a Monthly Account should be made as soon as the awaited event takes place

Monthly Closing

765 After the Superintendent has completed the concurrent review of the accounts of a month (*vide* Articles 523 to 525) all entries in the columns "*Amount placed under objection*" and "*Amount cleared*" for the month should be totalled, separately for each class of objections, and a general abstract should be prepared in a separate section of the Book The Superintendent should examine and initial this abstract.

1 The progressive totals of each class of objections should be carried forward from month to month and the unadjusted balance from year to year, but in respect of objections relating to appropriation, see Articles 766 and 767

Annual Closing.

766. The Objection Book should be closed *annually and the balances* of outstanding objections (except those in respect of appropriations, *vide* Article 767) should be carried forward to the following year's Book, the entries being attested by a member of the superintending staff. In the Objection Book of the new year, all such items should be noted (in relevant groups) in a separate section thereof. If the outstanding balances thus brought forward relate to two or more years, the balances of each year should similarly be registered in a separate section. This action, however, cannot be completely taken until the Supplementary Account of the year has been audited, but it is permissible without waiting for this *event to transfer to the new year's Objection Book* such items of the *old book as may be affected by the accounts of the new year audited before* the Supplementary Accounts. The Superintendent is, however, responsible that corrections, if any, due to the Supplementary Account are carried out neatly in the new Objection Book, in due course, by *plus* or *minus* entries, as the case may be, made with suitable remarks.

767. *Unsettled objections for (1) "want of appropriation" and (2)* "excess over appropriation" should not be carried forward to the new year's Objection Book; but the Gazetted Officer in charge should see that necessary action has been taken in accordance with Articles 736 to 738.

Quarterly Reports to Government of India.

768. The Accountant General should submit to the Government of India in the Department of Industries and Labour (Public Works Branch) by the end of the month following each quarter a consolidated statement in duplicate in respect of works expenditure, showing all outstanding objections which require the orders of the Government of India or the Secretary of State for their clearance. The following instructions should be observed in preparing this statement :—

(1) The total expenditure on the project as a whole, whether incurred in one or more divisions, should be stated, and not that on individual working estimates. When a project extends over more than one Audit circle, the Audit Officer of the circle in which the bulk of the expenditure on the project is to be incurred should obtain from the other Audit Officers all information, relative to their portions of the project, necessary for reporting the irregular expenditure.

(2) The total amount of sanctions to working estimates of the project and the provision sanctioned for the project as a whole should be stated in all cases where it is necessary to indicate that the local Government has exceeded its powers of sanction. The submission of this report to the Government of India will not dispense with the action which the Accountant General should take towards clearance of objections ; *vide* Article 721.

(3) The month and the year from which each item is outstanding should be noted in this statement.

Chapter 42.—Objections on Other Trasactions.

Objection Statement

Form and Preparation.

769 In most cases audit objections should be intimated direct to the disbursing or other responsible authority in special printed audit memoranda and other half margin forms The Treasury Officer should be addressed only when recoveries have to be ordered, or in respect of objections for the removal of which he is directly responsible Such intimations together with important treasury irregularities and directions or enquiries arising out of accounts, should be sent to him through Objection Statements (Form 76) The ~~district~~ auditor should have before him, at the time he deals with the accounts or vouchers, the requisite printed audit memoranda and other half-

No. 97.

Page 297, Article 769—

(*i*) *Insert* the following as "Note 2" below this Article *numbering* the existing Note as Note 1 :—

NOTE 2 —Printed audit memoranda and other half margin forms should be dealt with in the same manner as the objection statements

(*ii*) *Substitute* the word "auditor" *for* the words "district auditor" in line 8 of this Article.

[Audit Code, Vol I, 1st Edn (2nd Rep), No 97, dated the 1st June 1936.]

Note 2

770. There should be two Objection Statements for each month,—one having reference to the first schedules of payments (which ought to reach the Treasury Officer before the end of the month, so as to guide him in his next month's payments), and one to the second schedules and the Cash Account, and the auditor will be responsible for seeing that the objections which arise upon that part of the audit work which he has transferred to another section of the office (Article 204) are duly entered in the statement before despatch, unless a separate Objection Book is kept up by the other section.

NOTE.—The Accountant General may at his discretion arrange in order of time, etc., all the processes of the work to be done in connection with the first schedules of payments subject to the restriction that in no case shall the completion of the work, including the review of audit and issue of audit objections, be delayed beyond the 10th of the following month. Important objections should, however, continue to be sen out as soon as they are detected. The Accountant General, Central Revenues, is allc 15 days extra for the completion of the work connected with the first Sched received from those treasuries which are situated in remote localities.

1. Receipts entered in the Objection Statement will, of course, have the seco column (for number of voucher) blank. The words "and of the Cash Account should be struck out of the heading of the Objection Statement on the first Schedules

Despatch.

771. Each Objection Statement will go out in original, under the signature of a Gazetted Officer, after the review of audit and objections prescribed by Articles 209 to 212. Before despatch (which must not be delayed) the objection must be neatly posted into the Objection Book (Form 78) by the ~~district~~ auditor. Each Superintendent should keep a memorandum book for note of the Objection Statements which he passes, should daily ascertain from the despatcher that all have gone out, and should take precautions to secure the entry in the Objection Book of all the items in the passed statement, whether or not their amounts are carried into any money column.

Disposal and Return.

772. The return of the Objection Statements must be watched for with equal care. They are due to be returned a fortnight after receipt by the Treasury Officer, and he should not be allowed to keep them back on the ground that one or two of the objections require further enquiry. These can be extracted for separate disposal, while the other items are replied to. The orders enforcing the Treasury Officer's duty in the matter of objections are very peremptory (see Articles 19 and 20, Civil Account Code, Vol. I) ; and the Accountant General must remember that he responsible for seeing that the Treasury Officers carry out his instructior

Auditor's Responsibility.

773. The ~~district~~ auditor is responsible for the prompt disposal of Objection Statement when returned, and when a recovery is ordered, sum is charged under Advances Recoverable at the personal debit named Government servant, he is responsible for following up the and watching its recovery. Though the Government servant conce be transferred to another ~~district~~, ~~the~~ item will not be removed fror

Objection Book of the old to that of the new department but a note of the transfer will be made, it will, of course, be noted on the Last Pay Certificate by the Treasury Officer whom he leaves and may also with advantage, be notified by an octavo slip to the ... ay him in future On the occasion of a transfer of ... st whom an order of retrenchment has issued ... r (if the bills are audited by a sep... nount is still outstanding, an... the new Treasury Off...

... to has ... ould be ... ficate has already ... the Objection Book but ... sent to the new Audit office

Retrenchment Slip

When it is considered necessary to order the recovery of any erroneous payment, the Accountant General should send warning to the Government servant or the head of the office concerned by a slip in Form 77, in which the ground of the retrenchment should be clearly stated (an advice being invariably sent to the Treasury Officer at the same time) This slip will give the Government servant retrenched an opportunity of forwarding to the Accountant General an explanation which may cause the recovery to be dispensed with The withdrawal or modification of an order for recovery should be communicated both to the Treasury Officer and the Government servant concerned

1 The procedure for obtaining compliance with orders of recovery in cases in which difficulties may arise is stated in Article 158

775 On similar slips should be notified short payments or over deductions *they should be noted too for future guidance in the Objection* Statements but need not be entered in any money column of the Objection Book for the Audit Department has done its duty when it has warned a Government servant that he has a further claim and cannot compel him to prefer it

Objection Book

Form and Contents

...tion Books (of which there must be one for each trea... ...nt) are the permanent office record of entries ... ...ction Statements prepared upon the ...nd of the cash account But, ... of all amounts charged ...ted or debited to ...ough not ...inder, of

which the first two have corresponding ledger heads, and the others have not. Entries pertaining to two months' accounts should not be entered on the same page.

Advances Recoverable.

Suspense Account—

Receipts.

Charges.

Items adjusted but awaiting final clearance.

Service payments for recovery.

1. When the Gazetted Officers' bills or other classes of bills are audited by separate sections, separate objection books may be kept in those sections.

2. For objections in respect of appropriation audit see Article 737.

777. The amount of entries which may not require action by the Treasury Officer, though noted for his future guidance (*e.g.*, overcharges of fund subscriptions or income-tax), should not be posted in any money columns, and the money columns under "Mode of adjustment" may be scored through.

Advances Recoverable.

778. Under "Advances Recoverable" will appear moneys advanced for miscellaneous purposes under special authority and recoverable in cash, and sums overpaid on vouchers other than those for service payments. Neither loans to municipalities or private persons made under orders of the central or local Government and bearing interest, nor advances to cultivators (*takavi*), nor advances for rest-camps (*bardasht-khana*), nor permanent advances, nor special classes of advances need appear here, as they are recorded in separate registers. Payments made on account of Government expenditure must *never* be held under "Advances Recoverable," on the ground that further proceedings in audit are necessary for their final admission ; the head will cover only items which are, from their inception, debts due to Government by assignable individuals, recoverable either in cash or by deduction from personal pay and allowances. Personal pay and allowances of any kind in respect of an assignable period paid before they are due are charged to the same head as when paid after they are due.

1. If large or frequent advances are made under the operation of any general rule, the Accountant General should arrange a special procedure for their audit, observation, and recovery.

2. Advances for compensation for land should be debited to "Advances Recoverable" and retained under that head until receipt of vouchers in Form C, CC, D or E (*vide* Appendix 7 to Civil Account Code, Volume I), when the amounts should be transferred to the debit of the department concerned.

779. This column will show also advances made elsewhere (Article 245) and advances which enter through formal transfers in account ; the entries will thus differ from those of the Classified Abstracts by the amounts of these two classes, though the provincial total of the broad-sheet will agree with that of the Detail Books, including transfers.

780 After the Objection Books for March have been closed, it may be found necessary in the March final accounts to adjust amounts already placed under objection or to place fresh items under objection In opening the Objection Book for the new year, separate pages should be provided, after the pages containing the entries of the outstandings of the previous year, to record the objections raised in March final Similarly, in the Adjustment Register there should be a separate page or pages for the record of adjustments made in March final The entries in these records should be totalled monthly at the time of closing the Objection Book for subsequent months and the net debit or credit resulting therefrom should be worked out and added to or deducted from the balance of the Objection Book for the month so as to work out in a separate entry at the foot of the Objection Book the correct balance of objections outstanding at the time The above procedure will be followed till the accounts for March final are closed, *i e*, ordinarily for the first three months of the new year When the accounts for March final are closed, the separate objections and adjustments under the heads "Objection Book Advances" and "Objection Book Suspense Account" should be totalled, and the totals posted into the March final column of the Broadsheet (*see Article 795*) for the past year and the correct closing balance worked out The difference between these totals should also be added or deducted as the case may be, at foot of the March Objection Book for the past year, so as to make its balance agree with the broadsheet and the Ledger This agreement should be made and certified by the Superintendent

NOTE 1—Items under objection the amounts of which are not entered in the money columns of the Objection Books, need not be transferred to the Objection Book for the new year until the March final accounts are closed The settlement of any such items prior to that date should be noted in the old Objection Book

NOTE 2—The transfer of other outstanding items to the new year's Objection Book may at the discretion of the Accountant General be deferred until after the close of the March final accounts the adjustments made in the meantime being noted against the entries in the old Objection Book

Suspense Account

781 Under "Suspense Account" are provided two columns, one for credits and one for debits, but no item should be taken under this head, except with the special sanction of the Gazetted Officer in charge

(*a*) In the former will appear only sums shown for credit to a debit head, but imperfectly described A service receipt, of which full parti

No. 101.

Page 301, Article 781 (a)—

(i) *For* the words "District officers" in line 10 of this Article *substitute* the words "officers concerned".

(ii) *For* the word "debit" in line 1 of this Article *substitute* the word "debt".

[Audit Code, Vol I, 1st Edn (2nd Rep), No 101, dated the 1st June 1936]

(b) In the debit column will appear items of charge for which such particulars are not given as will enable the Audit office properly to classify them ; it is hardly necessary to say that a debit under this head so caused reflects discredit on the Treasury Officer concerned. If, however, the only point of doubt is whether a particular item of expenditure should be treated as Central or as Provincial, it should not be charged to "Suspense" but to a proper service head of account and shown as appertaining to the Government which actually incurred the expenditure. If it be subsequently decided that the expenditure should be finally recorded against another Government, the correcting adjustment will be made in the accounts of the year in which the decision is taken, unless it was anticipated and provided for in the grant of the previous year, the accounts of which have not been finally closed.

782. Further, the debit column, will accommodate charges written back on disallowance from Accounts Current, yet not susceptible of final adjustment against some other head.

Items adjusted but awaiting Clearance.

783. The third head will contain those items to which technical objection is taken, unexplained receipts [see Article 781 (a)], payments on abstract contingent bills not covered by countersigned bills, and in fact all items which cannot be finally admitted in audit. It will be observed that this column has no corresponding ledger head, and consequently any item which appears in it must have been taken to some prescribed head of account, the entry here being nothing more than a reminder that it has only been provisionally adjusted.

1. If extract registers of deposit receipts do not arrive in time for audit before closing the Objection Book, the amount shown in the Cash Account should be noted in the third column of the Objection Book ; but no entry need be made in any money column. When registers of payments are not forthcoming, their amounts should be dealt with in the same manner. Particular care must be taken to write off these objections when the registers are received.

2. Cash remittances, even though a complete voucher is absent, should not be entered in the Objection Book at all, as a separate register is provided for them. Deficiencies in such remittances will, however, come in the ordinary course into the Objection Book as "Advances Recoverable."

3. An item of temporary advance of postage stamps (*vide* Article 520 of the Civil Account Code, Volume II, 8th edition) appearing in the *plus* and *minus* memorandum, should be promptly entered in the Objection Book, in the column "Items adjusted but awaiting final clearance," the objection being removed when the advance is adjusted by an addition to the stock in the *plus* and *minus* memorandum.

Service Payments for Recovery.

784. In the last column will appear all sums taken against service heads for which orders of recovery have issued. For, when a payment is made on account of a completed service on a proper voucher, the fact of the payment is not altered because some portion of it may have been

overpaid The payment must be accepted, and must be recorded as a charge against the grant for which it was made, but at the same time it should be recorded as under objection

1 The amount of gratuity to be refunded by a person re employed (Civil Service Regulations, Article 511) should be noted in the audit register for recovery Recoveries will be credited to the Government (or Governments) which had met the charge on account of the gratuity The fact of the complete refund of the gratuity should also be noted in the History of Services or in the Establishment Returns, according as the person concerned is a gazetted or a non gazetted Government servant

2 Those advances made in England to Government servants which are treated as final charges in the Home accounts should be noted in this columns for recovery

Adjustment

Adjustment Register

785 As the objectionable items are adjusted in whole or in part—

Advances, by credit to Advances Recoverable,

Suspense, by credit or debit to that head,

Uncleared items by being cleared

Service payments for recovery by recovery or by removal of the objection,

the adjustment is to be posted in the Adjustment Register (Form 79), and also against the original item in the Objection Book

786 The mode of adjustment adopted with reference to each item will be shown in the column "How adjusted" and the Superintendent or Assistant Superintendent will initial each entry in proof of his having examined and found it correct in every particular

1 If an advance or suspense item charged in district or department A is recovered in district or department B the adjustment of it must be recorded in the Adjustment Register and Objection Book of district or department A only This is another source of difference between the Objection Book and the Classified Abstract—*vide* Article 779.

787 In the Objection Book in the columns of *amount* under "Mode of adjustment" will be entered each successive fragment disposed of; each entry in the Adjustment Register must have its distinct answering entry in these columns and both entries will be initialled by the Superintendent at the same time

1 In the case of objections against which no amounts are entered in the money columns of the Objection Book, no entries should be made in the Adjustment Register

2 The entry in the Objection Book of each adjustment may be certified by the initials of the Superintendent, provided that the entry is made in the Adjustment Register clearly and in all cases in which the order communicating the [illegible] has not been fully complied with on the authority of an order signed by the [illegible] Officer in charge the Gazetted Officer will of course review, not only the Objection Book, but also the Adjustment Register at frequent intervals

788. If, in the case of items awaiting clearance, a real objection is afterwards found to exist (*e.g.*, recovery is ordered of part of the charge), only the part cleared will be entered, and the rest will still remain outstanding till disposed of. Care must be taken that the real objection when found is duly communicated to the Treasury Officer or other authority or Government servant, and noted in the Objection Book below the original objection or as a foot-note to it.

789. But if the explanation of the items shows that it belongs to the "Advances Recoverable" or "Suspense" class (*e.g.*, a deposit repayment is objected to for want of a voucher, which, when it is received, turns out to be for a less amount than the charge), the item will be adjusted so far as regards the column "Awaiting clearance," but again be brought on the Objection Book, in the new month, under "Advances Recoverable" or "Suspense". Reference will be made both in the adjustment and in the new objection to the transfer entry by which the amount is charged to the new head.

Recoveries of Overpayments.

790. Recoveries in respect of overpayments made during the current year will be ordinarily adjusted by deductions from the current year's charge under the detailed head previously overcharged. Recoveries on account of overpayments in a previous year should be brought to account as receipts of the department concerned or, in the case of the departments not having a corresponding receipt head, should be credited to the major head XXXV—Miscellaneous.

791. If a recovery relating to an overpayment of the current year be made by short payment of an item chargeable to the same detailed head, no adjustment is necessary; the short payment and short charge in the Classified Abstract ~~and the Detail Book~~ on the later voucher is a set-off against the excess payment and excess charge on the earlier.

792. Recoveries relating to overpayments of the current year which are made in cash or by short payment of items not chargeable to the same detailed heads as were previously overcharged, and all recoveries relating to overpayments of a previous year, whatever the mode of recovery, will be credited in the first instance to the suspense head "Recoveries of Service Payments" and appear under that head in the Classified Abstract ~~and the Detailed Books~~. Hence, through the medium of the transfer book, they will pass to the credit of the proper heads in accordance with the rule in Article 790. There should be only one transfer entry each month for adjusting the recoveries of each ~~district~~.

793. When an amount is outstanding for recovery against a Government servant and money is also due to him by the Government, but has remained undrawn for a considerable period owing to the death or resignation of the Government servant or any similar cause, the Audit Officer may adjust the amount due by the Government servant against the amount due to him by the Government, and thus clear the Objection Book. A bill from the head of the office should be called for in the case

of Government servants who do not prepare their own bills and a note of adjustment should be made both in the Objection Book and in the Audit Register

Closing of Objection Book

794 After despatch of the Objection Statements on the second Schedules of Payments and the Cash Account, the money columns in the Objection Book should be totalled the balance of the past month should be added, the totals of adjustment should be made in the Adjustment Register and entered in the Objection Book and the balances struck The Superintendent will sign the certificate at the foot of the page or last page of the Objection Book for each month, which will be closed and balanced on the 20th of the following month

1 The difference between the totals under "Advances Recoverable in the Objection Book and in the Classified Abstract is explained in Article 779 In the same way the totals under "Suspense" differ by the items written back on disallowance from Accounts Current (Article 782) There will also be differences when an item adjusted in the accounts of one district or department is entered in the Adjustment Register of another (see Note 1 under Article 786) The Superintendent will sign the certificate after personal inspection of the Adjustment Register of the other district or department

2 The outstanding balance in each column of the Objection Book is to be carried forward from month to month and from year to year

3 The Accountant General Central Revenues is allowed one month extra for ... Books, which should be closed and balanced on the 20th of

... relating to Forest Accounts is ... relate

... ts, ... ec ... ly ... tion Book ... from the Objection Book and ... al totals are agreed monthly with the postings in the ... ad- ... submitted to the Gazetted Officer in charge for inspection The ... are brought forward from the past year's broadsheet ... worked out in it in the column for March ... monthly balances in the new year's ... the ledger balances

Article ...

"NOTE —In the quarterly analysis of balances outstanding under ... this Advances" the Accountant General may at his discretion dispense with details by individual items relating to the immediately preceding quarter" ... Book

[Audit Code, Vol I, 1st Edn (2nd Rep), No 121, dated the 1st October 1936]

Annual Review of the Working of Treasuries.

800. If the local Government so desires, the Accountant General should submit annually to the local Government a review of the working of treasuries, in such form as may be settled locally. This review should not, however, deal with the matters now under the control of the Controller of the Currency, as the local Government should, if necessary, obtain such information from the Deputy Controller of the Currency concerned.

Chapter 43.—Appropriation Accounts and the Report of the Audit Officer thereon.

(See the Instructions for the preparation of the Appropriation Accounts and the Report of the Audit Officer thereon contained in Appendix 16.)

801 to 829 *Deleted.*

PART VII.

INSPECTIONS.

830. Inspections of Public Works Offices and treasuries are conducted in accordance with the instructions given in Chapters 44 and 45. If in addition to these instructions, any detailed or supplementary instructions are considered necessary for the guidance of the inspecting officer, such instructions should be prescribed in the local manuals ; *vide also Article* 872. The use of any form of questionnaire is prohibited. The inspecting officer will remain responsible for the efficiency of the inspection work as a whole, though in accordance with the local instructions or local usage, some of the items of work may be entrusted to the subordinate staff.

Chapter 44.—Inspection of Public Works Offices.

Introductory.

830-A. The Accountant General should arrange for the inspection and test-audit of the accounts of each Public Works division, at least once a year, by a gazetted officer of his establishment.

1. Junior gazetted officers with less than five years' service should ordinarily not be entrusted with this work, otherwise than as assistants to a senior officer.

831. The inspecting officer should be assisted, at the inspection of each divisional office, by a staff adequate to complete the inspection of any office, the work of which is not exceptionally heavy, within six days. The staff must comprise at least one experienced accountant. Inspection work is important and requires special qualifications and the staff should be carefully selected.

832. The work of test-audit and inspection should ordinarily be conducted at the headquarters of the Divisional Officer, but it is open to the Accountant General to require the account records of a few sub-divisions or subordinate offices, every year to be inspected in the offices concerned.

1. In the United Provinces, each district office of the Buildings and Roads branch is required to be inspected at least once in two years. This inspection does not, however, dispense with the necessity of the test-audit, at least once a year, of the accounts of the entire division, *vide* Article 830-A. Subject to this requirement, the actual distribution of the work to be done at the inspections of the divisional office, and of the district offices subordinate to it, is left to the Accountant General.

2 The inspection of a district office of the Buildings and Roads branch in the United Provinces or of a sub divisional or subordinate office in any province, may be entrusted to an experienced Senior Accountant, if, at the time of the inspection, the officer in charge of the office inspected is not a gazetted officer

833 The Divisional Officer should be given sufficient notice of the probable dates of inspection and requested (i) to obtain the necessary books, papers, etc, which should be specified, from his subordinate offices, and (ii) to be present at his headquarters (*vide* paragraph 104 of the Public Works Account Code) to meet the inspecting officer in time to discuss the results of the inspection with him

1 In the case of many records, a general scrutiny has to be applied to all entries made therein since the date of the previous inspection In some cases, it may be sufficient to require the records of a shorter period to be produced in others, it may be desirable to ask for the production of documents covering a longer period, *e g*, Works abstracts for a few works Again, it may be advisable to name certain records specifically, *e g*, a number of measurement books selected by reference to audited vouchers The records required for production should be selected by the Inspecting Officer himself, care being taken not to disclose the name of the month the accounts of which it is proposed to test audit, nor to specify (without simultaneously naming a few other works) the works the accounts of which are to be examined in detail

If important records are not produced at an inspection every possible step should be taken to obtain their production. If such efforts are unsuccessful the omission should be specifically mentioned in the report and such records should be obtained for examination in the Audit Office if such examination be deemed necessary

2 Whilst it is desirable to give Divisional Officers enough time to collect the necessary records, the notice of the inspection should not be longer than is necessary for the purpose The tour programmes of Inspecting Officers should be treated as confidential until the notice of the inspection is actually addressed to the Divisional Officer concerned

3 The provisions of this Article do not apply to cases in which the Accountant General deems a surprise visit to an office by an Inspecting Officer, necessary In such cases the procedure to be observed for avoiding inconvenience to the office concerned (*vide* Rule 13 of the Auditor General's Rules) will be determined by the Accountant General.

834 The undermentioned documents should be supplied to the Inspecting Officer from the Accountant General's office —

A complete set of the audited accounts for one month, with schedule dockets and vouchers, and also foils of paid cheques relating to the accounts of that month

If the local Government, under Rule 2 to Article 77, Civil Account Code, Volume I, has authorised the non submission to audit of the journals of lower subordinates and members of the petty and irrigation revenue establishments—one or two Abstract Travelling Allowance Bills, C A C Form 13, of the division cashed during any month at the treasury at which the Divisional Officer is authorised to present establishment bills

The last annual Account of Interest Bearing Securities

The last Half Yearly Register of Stock, and Register of Tools and Plant, if still in the Accountant General's office.

A memorandum, signed by the Deputy Accountant General, of points noted from time to time since the previous inspection as requiring special attention or examination on the spot (*vide* Article 516), *e.g.*, delays in the clearance of any arrears in work or of any outstanding suspense or other balances.

835. The Deputy Accountant General should single out one major work, or two minor works, whether completed or in progress, for a complete analysis and examination of their accounts since commencement, and supply to the Inspecting Officer all Schedule Dockets (with vouchers) relating thereto.

1. The Inspecting Officer will, however, be at liberty to analyse in detail the accounts of any other work or works, in case he finds this desirable on the spot but he should report his reasons to the Deputy Accountant General.

Objects of Inspection.

836. The primary objects of this inspection are (*i*) to apply a test-audit to such accounts, vouchers, etc., as are not audited in the Accountant General's Office or as cannot be completely checked except at a local audit, (*ii*) to see that the initial accounts from which the accounts rendered by Divisional Officers are compiled, or on which they are based, are properly maintained in the prescribed forms, and (*iii*) to see that the Divisional Accountant posted by the Accountant General discharges his duties satisfactorily and is up to the mark.

Test-Audit of Accounts of one Month.

837. All unvouched cash and transfer entry charges, as shown in the Schedule Dockets taken from the Accountant General's office, should be audited in detail. It is not sufficient that the total amount of such charges agrees with the total of the vouchers produced for examination. It should be seen (1) that there is on record a voucher correct in all respects, in support of each item of expenditure which is not required to be submitted to audit (*vide* paragraph 576 of the Public Works Account Code), appearing in the several Cash Books and the Transfer Entry Book, (2) that the charge is in order, (3) that it is traceable into the Schedule Docket concerned, and (4) that in the Schedule Dockets there are no items treated as unvouched charges, which should not have been so classed. It should be seen in particular that all the vouchers were checked by the Divisional Accountant at the proper time and duly cancelled, as required by paragraph 555 of the Public Works Account Code.

838. The audited vouchers of the selected month, taken from the Accountant General's office should be examined to see (1) that the quantities paid for are traceable, with the supporting details, in the records of measurement quoted in the vouchers, (2) that, in each case, the record of measurement itself is in order, (3) that the rates at which the several items of work or supply shown in a voucher were paid for, are in accordance with the terms and conditions of the relevant agreement, indent, or order, etc., and (4) that those terms and conditions had been duly sanctioned by competent authority before the liability was incurred, and are not open to any audit objection.

839 The foils of paid cheques brought from the Accountant General's office should be checked in detail with counterfoils, Cash Books and vouchers to verify that payments have actually been made to the persons entitled to them The endorsements and acknowledgments of the payees on cheques should be intelligently examined to see whether they give rise to any suspicion of a fraudulent payment The endorsements on the paid cheques should be connected with the quittance on the relevant voucher or vouchers and *inter alia* it should be investigated whether any divisional employee figures in them The Inspecting Officer may himself exercise the scrutiny prescribed in this Article or may entrust it to his staff The fact of the necessary scrutiny having been exercised should be recorded in the office notes relating to the inspection

Cheques which have been paid by the treasuries of another audit circle need not be obtained for the purpose of exercising the scrutiny prescribed in this Article unless the Deputy Accountant General directs otherwise

NOTE —The Accountant General may at his discretion prescribe that only a percentage of the paid cheques of the selected month should be checked as prescribed in this Article the percentage to be prescribed should not, however, be less than 10 per cent

840 (*a*) It should be seen next that, if any of the vouchers and transfer entries of the month including those taken from the Accountant General's office affect the Stock account or the accounts of works the charges or credits to those accounts are shown correctly under the appropriate sub head or suspense account and in the Contractors Ledger or the materials account concerned If any charges relate to collection of road metal the corresponding entries in the Road Metal Return should be traced

(*b*) All transfer entries involving the rectification of errors should be examined to see (1) that the rectification was necessary and in order and (2) that the original error does not disclose a defect in the system of accounting or indicate any financial irregularity

841 The Stock accounts of the selected month should be examined to see that they are maintained in accordance with rule the points of special importance being (1) that the quantities of both receipts and issues have been correctly taken to account (2) that both receipts and issues are correctly valued and (3) that the issues to works have been charged to the appropriate sub heads or suspense accounts and carried to the ledger or materials accounts concerned

842 After the Works Abstracts of the month have been checked, the total charges on each work should be agreed with the total of the relevant Schedule Dockets and it should then be seen that the Works Abstracts have been correctly posted into the Register of Works and that all entries in the latter were reviewed by the Divisional Officer at the proper time

General Examination of Accounts

843 The initial accounts of cash and stock, the measurement books, muster rolls and detailed accounts of works, for the entire period covered by the inspection, should be inspected and examined generally to see that

they are maintained, and checked, in accordance with the prescribed rules, and that the writings do not indicate any attempt to tamper with the records or to evade the requirements of rules. The recorded transactions should be surveyed intelligently, and, if necessary, doubtful and abnormal items should be examined closely. Points requiring special attention are detailed in the following articles. The more important items of work, to which the inspecting officer should devote his personal attention, are given in Annexure A to this chapter.

844. *Cash Books.*—See specially (*i*) That all receipts of cash as shown in the counterfoils of Receipt Books, P. W. A. Form 3, which have been used by the Divisional Officer, or which are still in sub-divisional offices, are traceable, under proper dates and with correct particulars, in the cash books. In respect of counterfoils of receipt books used by officers other than the Divisional Officer, which have already been recorded after check by the Divisional Accountant, only a small percentage of the items need be traced.

(*ii*) That the entries in the current month's cash books are correct, and that the resultant book balances agree, in each case, with the cash in hand *plus* the amounts of imprests and temporary advances, which should be supported by the latest acknowledgments of the officers concerned, as recorded in the last accounts or elsewhere (*vide* paragraph 579 of the Public Works Account Code). The verification of the actual balances of cash is optional and should always be dispensed with in cases in which the officer in charge of the cash chest is not present at the station. But, whenever the cash balance pertaining to a Cash Book is counted, a simultaneous count of all cash balances (with relevant accounts) in charge of the disbursing officer or other custodian of the cash chest is desirable. A note of the count, specifying the amount counted both in words and figures, should be made in the Cash Book or account concerned.

(*iii*) That all recent transactions relating to new imprests and temporary advances, or to additions to existing ones, are in order.

(*iv*) That the memorandum of uncashed cheques, etc., as recorded in the divisional cash book of a selected month is correct in all respects.

845. *Stock Accounts.*—See in particular (*i*) that issues of stock materials to works are correctly classified under the two categories "Issues to Contractors" and "Issues direct to Works" (paragraph 307 of the Public Works Account Code), that the conditions of paragraphs 308 and 309 of the Public Works Account Code are observed in respect of "Issues to Contractors," and that contractors are correctly charged in all cases and do not derive, directly or indirectly, any unauthorised monetary benefit or aid in consequence of any arrangements in force.

(*ii*) That there is no unnecessary accumulation of stock materials of any class.

(*iii*) That "Issue Rates" and storage rates are fixed in accordance with the rules in paragraphs 193 to 195 of the Public Works Account Code.

(iv) That a few selected items of stock which were certified by the

No 51

Pages 314 15, Article 845—

(1) In clause (iii) *insert* the words "and storage rates" after the words "Issue rates" and *alter* the figure 195 to 195 A

(2) In clause (v) *delete* the word "and" occurring at the end and *change* the comma into a fullstop

(3) *Insert* the following new clauses —

(vii) That all important items of new purchases should be examined to see that the purchases have been made to the best advantage of Government either by calling for tenders or by obtaining quotations from different markets dealing with the stores purchased The market rates shown in the Register for the previous half year and for the current half year should also be taken into consideration in conducting this review See Rule 1 under para 205 of the P W A Code

(viii) That a few items of market rates filled in the Register are examined to see that they are based on the latest quotations or other reliable information

[Audit Code, Vol I 1st Edn (2nd Rep), No 51, dated the 1st Nov 1935]

at intervals by responsible ...

(iii) That the cost of labour is not so largely in excess of the value (at current rates) of the work done as to indicate either loss to Government or need for closer financial control

848 *Accounts of Works*—The following points should receive special attention —

(i) Whether there has been any tendency to keep the accounts of works open longer than necessary If cases are found in which there has been apparent delay in closing the accounts, some charges should be scrutinised to see whether they indicate any tendency to utilise savings towards unauthorised expenditure

(ii) If cases of marked excesses over estimated rates or amounts are found some should be examined to see whether there has been any financial irregularity or serious error in accounting

(iii) Whether abandonment of work as evidenced by smaller quantities executed than were estimated for has been invariably accompanied by corresponding savings in cost

(iv) Whether material modifications of or deviations from the sanctioned estimates of large works or projects have received the sanction of competent authority—see Article 152-A

(v) Whether the sub head "Contingencies" of major works contains charges not pertaining to this sub head

(*vi*) Whether charges on account of work charged establishments are in order.

(*vii*) Whether the arrangements in force in regard to "Advance Payments" and "Secured Advances" to contractors are such as not to involve risk of loss to Government, or as not to permit unauthorised aid to contractors.

(*viii*) Whether all balances in the suspense account "Secured Advances" are covered by duly executed indentures in P. W. A. Form 31, which are on record in the divisional office.

(*ix*) If materials have been purchased for issue to contractors, whether the provisions of paragraphs 308 and 309 of the Public Works Account Code have been observed.

(*x*) A few old items outstanding in the Suspense account "Contractors—Other Transactions" should be examined to investigate the delay in their adjustment, it being seen in particular that there has been no omission to make the necessary recoveries in cases in which any "On account" or "Advance" payment has been made to the contractor in connection with the work.

(*xi*) If the sub-head "Additional Charges for Materials issued to Contractors" (*vide* paragraph 312 of the Public Works Account Code) has been opened in the accounts of any major works, a few charges falling under this category should be examined to see that they were correctly debitable to Government and not to the contractor concerned.

(*xii*) The materials accounts of a few works should be examined to see that, without sufficient reason, materials are not collected in excess of the requirements of works, that charges debitable to contractors are not shown in materials accounts, that the rules relating to the verification of materials are complied with, and that differences are adjusted in accordance with rule.

(*xiii*) Whether the outturn from manufacture operations is priced at rates fixed by competent authority in accordance with rule, and whether, if there is a loss or likelihood of a loss on any operation, the causes at work have been investigated to see that they do not indicate any financial irregularity or the fact that the departmental operations are less economical than acquisition of materials by purchase would be.

(*xiv*) If any closed accounts of completed or abandoned works were re-opened, the debits or credits booked against the re-opened account should be specially scrutinised to see that no irregularity has been committed.

849. The Works Abstracts, and connected accounts relating to one or two selected works (*vide* Article 835) should be examined in detail from the commencement, and all transactions recorded therein should be

analysed and, if necessary compared with the details of the sanctioned estimates, and with contract agreements, measurement books, stock accounts and other relevant documents including the schedule dockets (with vouchers) brought from the Accountant General's office

850 (*a*) The accounts of interest bearing securities should be examined to see that the rules relating to them are observed and that the register in P W A Form 85 is correctly maintained, and with this object a few transactions of the register should be compared with the entries in the cash book or other account, and *vice versâ* The securities certified in the last annual Account of Interest Bearing Securities, P W A Form 86, as being on hand, should be verified by inspection as far as possible and it should be seen in respect of such of them as are not produced for inspection, that there are in existence either the original acknowledgments of the depositors bearing dates subsequent to the dates of the last account or the acknowledgments of the authorised custodians, as the case may be

(*b*) It should also be seen that the Divisional Accountant applies a similar check at his inspections of sub divisional offices

851 If the accounts enumerated below are not required to be submitted to the Accountant General s office for audit, the transactions covered thereby should be audited at the inspection (see paragraphs 577 and 584 of the Public Works Account Code) —

Contractors' Ledger (monthly extracts)

Register of Rents of Buildings and Lands (monthly extracts).

Half Yearly Register of Stock

Register of Tools and Plant

The extent of the audit to be applied and the procedure to be observed in each case will be settled by the Accountant General in consultation with the Auditor General

852 (*a*) All accounts records not specifically mentioned in Articles 837 to 851 should also be inspected and examined generally to see

(1) that the prescribed procedure and forms are in use,

(2) that they are kept up to date, and

(3) that there are no financial irregularities or serious errors

(*b*) Further, it should be seen generally

(1) that the clearance of Suspense and other balances receives proper attention,

(2) that transfer entries in rectification of errors are in order,

(3) that the arrangements for regulating and controlling expenditure in accordance with appropriations therefor are satisfactory, and

(4) that, if there was any abnormal rush of expenditure towards the end of the financial year, it did not involve any financial irregularity, actual loss, manipulation of accounts, or relaxation (actual or probable) of the prescribed procedure for measuring work or supplies, or for examining the claims of contractors and suppliers before payment.

(c) The accounts and documents enumerated below should receive special attention :—

Register of Cheque (and Receipt) Books, Register of Measurement Books, Standard Measurement Books, Road Metal Returns, Contract agreements, Register of Transfers awaited, and Service Books of subordinate establishments.

1. Advices of Transfer Debit received from other divisions should be inspected in particular to see that any advising *minus* debits were signed by the Divisional Officers concerned personally, *vide* paragraph 499 of the Public Works Account Code.

853. If there is a workshop attached to the division, the system of accounts in force should be reviewed to see (1) that it is in accordance with the procedure prescribed, (2) that it is suitable, and (3) that the *Pro formâ* accounts are maintained with reasonable accuracy.

854. With a view to testing the correctness and genuineness of the entries in the office copy of the Monthly Account and the supporting registers and office copies of schedules, a number of selected entries should be compared with the corresponding entries in the original accounts taken from the Accountant General's office, and *vice versâ*.

Review of Divisional Accountants' Audit.

855. The Divisional Accountant is charged with certain audit functions, and with the responsibility for inspecting periodically the accounts of sub-divisional offices on the spot. The procedure observed by him in discharging these duties, and the results achieved, should be reviewed by the inspecting officer, who should further consider all the objections recorded in the Register of Divisional Accountant's Audit Objections, P. W. A. Form 60, record his remarks against each item, and note for incorporation in his inspection report, for report to the Accountant General, or for other suitable action. any objection which, after discussion with the Divisional Officer where necessary, the Inspecting Officer decides not to withdraw. When an objection is withdrawn, the full reasons for taking this action (quoting rules if possible) should be recorded.

1. A few cases of leave applied for by subordinates should be examined to see that leave was not granted in any case before the applicant's title to it was certified by the Divisional Accountant and that the certification was in order.

2. The audit applied by the Divisional Accountant to Travelling Allowance Journals should be reviewed generally to see that they are scrutinised with care and before payment. In regard to the Abstract Travelling Allowance Bills, if any, brought from the Accountant General's office (*vide* Article 834), it should be seen that in support of every claim for which a journal was not submitted to audit there is on record, in the divisional office, a journal duly countersigned by the controlling authority and checked by the Divisional Accountant. These journals should be rechecked as a test of the accuracy of the Divisional Accountant's audit.

3 It should also be seen with reference to Rule 4 to paragraph 591 of the Public Works Account Code that standard rents as well as the allowances fixed for maintenance and repairs which are due to be reviewed during the period under audit were punctually renewed and revised where necessary, a test check being applied to the calculations in a few cases to verify their accuracy

Arrears

856 Any arrears or confusion in the account work of the division should receive the special attention of the Inspecting Officer who in consultation with the Divisional Officer and the Divisional Accountant should devise the remedies to be applied and report the same immediately for the orders of the Accountant General see also Article 540 It should also be seen that irregularities brought to notice at the previous inspection as well as those noticed by the Divisional Officer or the Superintending Engineer at their respective inspections of offices have been remedied and that the correct procedure is being observed in respect of all matters the procedure relating to which was considered defective previously

Advice to Departmental Officers

857 The inspecting officer is expected not to confine himself to the audit and inspection work outlined in the foregoing Articles He should avail himself of the opportunity of assisting the officers of the Public Works Department and Divisional Accountants with his advice in matters affecting accounts budget etc or the financial regularity of transactions He may even offer suggestions bearing on the economy of public money and is expected to do so in all cases of superfluous clerical work in connection with accounts and audit Such proposals if recorded in writing should ordinarily not be embodied in inspection reports but submitted separately to the Accountant General There are various directions in which an intelligent Inspecting Officer can find scope for his enquiries He may find that there are chronic delays either in measuring work done or in making payments after measurements have been taken, and it may reasonably be presumed that such delays lead to enhancement of rates He may notice that no attempt is made to invite competition amongst contractors or that the arrangements for giving out contracts for work or supplies are otherwise so defective as to suggest that possibly Government does not receive full value for payments made An examination of the authorised Schedules of Rates or a comparative study of them may show that the data on which estimates of the cost of works are framed for sanction by competent authority are not so satisfactory as to secure economical results He may observe any peculiar features of the revenue receipts or expenditure of the division which may be suggestive of possible leakage of revenue realised of untapped sources of revenues or of want of attention to economical considerations In all such cases personal discussion with the executive officers if conducted in a friendly spirit and with a real desire to assist rather than to criticise may lead to practical suggestions which may be welcomed by administrative and executive authorities as likely to result in tangible benefits to the finances of the State

Inspecting Officers' Reports.

858. The results of the inspection should be set forth in two separate documents :—

I. The Inspection Report, detailing merely the more important defects of procedure and financial irregularities, and describing briefly the general state of the accounts and the nature of the financial control over transactions.

II. The Test Audit Note, embodying all remarks relating to errors and irregularities with which the Divisional Officer is competent to deal finally, and which are not important enough to be brought to the notice of higher authority.

As a rule, trifling matters, which can be and have been set right on the spot or are of no consequence to the finances of the State, need not be mentioned, but if a number of similar points is noticed, it may be desirable to mention the type of error or irregularity, with one or more instances, so that the officials responsible for it may be duly instructed by the Divisional Officer. Further, it is desirable that all statements and allegations made, and all figures, should be based on clear documentary evidence, and that, if posible, all relevant facts should be ascertained ;—in respect of points mentioned in the Inspection Report, the Inspecting Officer should himself see all the connected documents. Both the Inspection Report and the Test Audit Note should be completed before the Inspecting Officer leaves the office inspected, and they should not be signed until after the Divisional Officer, if present at headquarters, has been given the opportunity of reading and discussing them and suggesting any omissions or modifications.

859. Particular care should be taken in regard to the language and tone of the report, so that no offence may be taken. Whilst it is necessary to make it clear, as briefly as possible, how any loss has actually arisen, or to indicate the manner in which loss might have occurred, insinuations must be avoided. It is not sufficient to quote the rule or the order violated ; the actual or the possible effect of such deviation on the financial interests of Government should be explained intelligibly. The Local Government will decide whether the names of officers responsible are to be entered in the report, but, in all cases of serious irregularities, a note of the names should invariably be kept for record in the Accountant General's Office.

860. The Inspection Report, as well as the Test Audit Note, as soon as signed, should be forwarded to the Deputy Accountant General. They should be accompanied by a note by the Inspecting Officer enumerating the items (if any) of the Inspection Report which, in his opinion, should eventually find a place in the Appropriation Accounts and Report. He should be careful to obtain all relevant facts in connection with each item and discuss it specially with the Divisional Officer, if possible, and in the note he should state that he has done so.

861. The Inspecting Officer should submit to the Deputy Accountant General a confidential report, written in his own handwriting, on the work and qualifications of the Divisional Accountant, as judged mainly

by the quality of the work done by him during the entire period covered by the inspection, especially by the results of the audit checks applied by him No opinion on the work of the Accountant should be expressed in the Inspection Report

1 The Inspecting Officer should form an opinion as to the Divisional Accountant's knowledge of the rules and procedure relating to audit and accounts It should be seen that the Divisional Accountant s personal copies of the codes and other books of reference supplied to him are correctly posted up to date

2 The Accountant General, if he desires may require the Inspecting Officer to submit similar reports on any clerks of the division who with the permission of their official superiors, have offered themselves as candidates for appointments under the control of the Accountant General

Disposal of Reports

862 Both the Inspection Report and the Test Audit Note should be examined generally in the Works Audit Department before they are sent out of the office and under the orders of the Deputy Accountant General remarks which are not in order should be expunged or modified, and those which are not considered to be of sufficient importance should be transferred from the Report to the Note

863 The Test Audit Note should then be sent to the Divisional Officer for remarks and return and points raised in it should be dealt with and settled in the manner prescribed for Audit Notes , *vide* Chapter 41

864 The Inspection Report should also be forwarded to the Divisional Officer, but in a tabular form providing separate columns for the record, against each item of the replies and explanation of the Divisional Officer of the remarks of the Superintending Engineer and of the final disposal by the Accountant General The Divisional Officer should be requested to return the report within a specified period (which should be fixed under the orders of the Local Government) through the Superintending Engineer, and a copy of the report should be sent simultaneously to the latter, inviting his attention specially to any important items or to serious irregularities or other points requiring special or prompt attention A copy of the report as sent to the Superintending Engineer should be forwarded at the same time to the Local Government for information

865 If, on a consideration of the note by the Inspecting Officer referred to in Article 860 it is held that any item in the Inspection Report is likely to find a place in the Appropriation Accounts and Report, it should form the subject of special correspondence with the Divisional Officer or the higher authorities

866 The Inspection Report should be treated as an Objection Statement and dealt with in the manner prescribed in Articles 715 and 773 In the ordinary course therefore, only those items will be reported to the Local Government which the Superintending Engineer is unable to, or does not, settle to the satisfaction of the Accountant General, or which it is necessary to report in view of possible inclusion in the Appropriation Accounts and Report or for any other special reason It is open however, to the Local Government to require that the explanations of the Divisional

Officer and the remarks of the Superintending Engineer shall be forwarded to it for perusal ; in such cases the tabular form of the Inspection Report and the procedure indicated in Article 864 should be suitably amended.

867. *Deleted.*

ANNEXURE A.

(See *Article 843.*)

The inspecting officer of a Public Works Division should devote his personal attention to all the items of work specified in Articles 855 to 861. He should also personally carry out the following items of work :—

(1) Review of all regular contracts as defined in Article 88 of the Central Public Works Department Code, and of a percentage of other agreements, made since the last inspection.

(2) Review of the Register of revenue, other than rents, including a review of the procedure for its assessment and realization, special attention being paid to cases where a falling-off is noticed in the revenue derived from any particular property.

(3) Review of the system and extent of check-measurements by Divisional and Sub-Divisional Officers and review of the check of measurement books by Divisional Accountants.

(4) Review of the balances of stock, the system of acquisition of stores and of stores verification.

(5) Review of the accounts of manufacture operations as prescribed in Article 848 (*xiii*).

(6) Review of the banking arrangements, to see that they are generally satisfactory.

It should be seen in particular—

(*a*) in whose custody the current cheque books are kept and by whom the cheques are filled in ;

(*b*) what stock of blank cheque books and receipt books is in hand, where the books are kept, and what account is kept of them. The balance of books in stock should be verified ; and

(*c*) whether the certificate of count of cheques is duly recorded by the drawing officer on each cheque book.

(7) Review of the cash book on the lines indicated in Article 844 of the Audit Code, including a review of the arrangements for the custody of cash and of withdrawal of money from the cash chest.

(8) General review of the accounts of works : the nature and extent of detailed scrutiny being left to the Inspecting officer's discretion.

(9) Review of the following registers and accounts, the nature and extent of the check being left to the discretion of the Inspecting officer —

(a) Muster rolls

(b) Transfer entry book

(c) Suspense and Deposit Registers

(d) Schedule of rates

(e) Register of rents of buildings and lands

(f) Establishment work

(g) Monthly accounts

1 It is within the discretion of the Accountant General to add other items to the list according to local needs and circumstances It is also open to the inspecting officer to extend his personal scrutiny to any other points which in his opinion require such scrutiny

Chapter 45.—Inspection of Treasuries.

Introductory.

868. The accounts of each district treasury will ordinarily be inspected once in three years by a gazetted officer deputed from the Audit Office. A treasury which needs special attention may, however, be visited more frequently if this is deemed desirable, and a small number of sub-treasuries in which payments are made may also be inspected.

869. The Inspecting Officer should be assisted at the inspection of each treasury by a staff adequate to complete the inspection (and test-audit) of any treasury, the work of which is not exceptionally heavy, within three days. Previous notice of the dates of inspections is not necessary, but as far as possible, it is desirable to avoid visits to a [illegible]

No. 43.

Page 324, Article 870, Rule 1—

Substitute the words "Currency Officer and the Manager of the Reserve Bank *in* charge of the Public Debt work of the Province" *for* the words "Deputy Controller of the Currency" in line 2 of this rule.

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 43, dated the 1st Nov. 1935.]

[illegible] a few days before the proposed date of inspection, whether there are any special points which that officer may wish to be investigated on the spot by the Inspecting Officer.

Objects of Inspection.

871. As stated in Article 294 of the Civil Account Code, Volume II, the primary object of the inspection is to assist the Revenue authorities in establishing a system of treasury working strictly in accordance with the prescribed rules. It is not intended that those authorities should be relieved of their responsibilities in the matter of management and inspection, but the inspecting staff will see generally that the rules prescribed by the Local Government are duly observed and make any special enquiry which the Local Government may desire. The Accountant General is responsible for seeing (1) on behalf of the Auditor General, that the procedure observed at treasuries meets all the requirements of audit and that the accounts are properly maintained, and (2) on behalf

of the Controller of the Currency, that the orders issued under Rule 16 of the Devolution Rules regarding the custody and handling of treasure and the control of the balances are duly observed

872 It follows that the procedure to be observed by Audit Officers at the inspection of treasuries cannot be prescribed in detail The general principles to be observed are stated in the following articles and, consistently with these, Accountants General may lay down working instructions for the guidance of Inspecting Officers

Inspection

873 Above all, it should be seen that the arrangements for the custody and registration of treasure are perfect and complete, that cash and other vouchers and stocks of forms of bills, cheques and Public Works receipt books are handled strictly in accordance with rule, and that the arrangements in force, for dealing with tenderers of money and claimants for payments, are businesslike

1 It is not necessary to verify by count the balance of cash, stamps or opium.

2 It should be seen (1) that the treasurer has given adequate security covered by a proper bond, and that the bond is registered and kept in safe custody, and is tested periodically as may be prescribed, and (2) that the prescribed certificates of the suitability of strong rooms are obtained periodically from the authorities of the Public Works Department

874 At treasuries which bank with a local head office or branch of the Imperial Bank of India it should be seen that the procedure prescribed for observance by the Treasury Officer is followed correctly, and that there are no deviations from the prescribed procedure on the part of the bank which should be brought to the notice of the ~~Deputy~~ Controller of the Currency

1 The Inspecting Officer is not required to inspect the bank

875 It is a point of importance to see that the standing orders of the Controller of the Currency relating to coins currency, and remittances of treasure are clearly understood by the Treasury Officer and his staff, and duly observed in practice

1 It should be seen if Currency chests have been opened at all sub treasuries where these are likely to be useful.

876 With reference to the rules in the Government Securities Manual for the deposit of Government securities with Treasury Officers, the Inspecting Officer is required, in addition to any other action that may be found desirable to see that the registers and forms prescribed for recording the receipt and disposal of the securities have been correctly maintained, and to verify the securities in custody with the entries in the register concerned

877 The procedure observed in the examination of claims for payments of all kinds should receive special attention, and by the application of a few test checks, where possible, it should be seen whether the various prescribed checks are exercised strictly and with intelligence whether the prescribed registers are properly maintained and whether there is evidence that the Treasury Officer is in the habit of

himself exercising checks for which the rules hold him personally responsible. With this object, it will be necessary to review some of the objections on which bills and other claims presented by drawing officers may have been returned for completion, alteration, etc., and in the course of this examination it should also be seen whether there is any tendency to raise frivolous and vexatious objections which hamper administration and create friction between the treasury and other offices.

1. The Inspecting Officer should see that specimen signatures of all drawing officers are properly recorded and that the signatures are referred to by the Treasury Officer, as well as by his staff, before passing vouchers for payment. In the absence of any other evidence, a personal enquiry should be made of the Treasury Officer and a note of his reply should be placed on record.

2. The procedure observed for the identification of pensioners and for verifying their continued existence should be examined in particular.

878. The procedure for dealing with cheques, the encashment of which is subject to the limitation of assignments, letters of credit, etc., should be examined specially to see that the rules are complied with.

Test-Audit.

879. If, under the orders of the Auditor General, the Central audit of any class of payment vouchers paid at treasuries is relaxed and a test-audit has been prescribed, this should be conducted at the inspection. For this purpose, the original vouchers and other accounts documents requiring examination or verification should be brought from the Audit office and the check thereof previously exercised by the Treasury Officer should be completely reviewed.

1. The selection of the vouchers, etc., to be test-audited should be made by the Deputy Accountant General.

2. Pension payments are subjected in the Audit office to a percentage check only (Article 337). One month's vouchers should, therefore, be test-audited at the treasury inspections. As this check will be conducted against the Pension Payment Orders (Treasury Officer's portions) filed in the treasury, it will be necessary for the Inspecting Officer to assure himself that these orders are genuine, that they do not appear to have been tampered with, and that, if any of them are orders issued by the Treasury Officer himself in renewal of original orders of the Audit office, they are true counterparts of the originals. It should be seen in particular that pensions in arrears have not been paid without the necessary sanction and that the provisions of Article 331-A, Civil Account Code, Volume II, 8th Edition, have received proper attention on the part of the Treasury Officer.

880. The records connected with objections raised by the Audit office should be reviewed closely (1) to see that they receive due attention, and (2) to ascertain generally whether they are indicative of defective procedure in the treasury or in any of the Government offices dealing with the treasury, which may, with advantage, be brought to the notice of the authorities concerned. The Retrenchment Register should be examined in particular to see that it is properly maintained and that no avoidable delay ordinarily occurs in effecting recoveries.

881. Arrears in the submission of account returns should be rare. Should there be any, they should receive the special attention of the Inspecting Officer. In any case, it should be seen that irregularities brought to notice, and instructions given, at the previous inspection have

been remedied and that the correct procedure is being observed in respect of all matters the procedure relating to which was considered defective previously

Inspection Report

882 The results of the inspection should be set forth in a brief Inspection Report, points of minor importance being settled personally on the spot, or communicated to the Treasury Officer, in the form of an Audit Note

883 The Inspection Report should be completed before the Inspecting Officer leaves the treasury and it should not be signed until after the Treasury Officer has been given an opportunity of reading and discussing it and suggesting any omissions or modifications If the Collector is present at headquarters, any important point in the report should be generally discussed with him if possible

884 The Inspection Report, as soon as signed, should be forwarded to the Deputy Accountant General It should be accompanied by a note by the Inspecting Officer enumerating the items (if any) of the report which in his opinion should eventually find a place in the Appropriation Accounts and Report He should be careful to obtain all relevant facts in connection with each such item and discuss each item specially with the Collector (or with the Treasury Officer in his absence), and in the note he should state that he has done so

885 The Inspection Report should be examined in the Treasury Audit Department, before it is sent out of the office, and, under the orders of the Deputy Accountant General, remarks which are not in order, or not important enough for inclusion should be expunged or modified

886 If, on a consideration of the note by the Inspecting Officer, referred to in Article 884, it is held that any item in the Inspection Report is likely to find a place in the Appropriation Accounts and Report, it should form the subject of special correspondence with the Collector or the higher authorities

887 The Inspection Report should be prepared in two separate sections one relating to matters governed by rules administered by the Controller of the Currency and the other dealing with all other points The procedure prescribed in Article 293, Civil Account Code, Volume II, for the disposal of reports of audit inspections applies to both the sections The disposal of matters relating to the Currency section of the report rests with the ~~Deputy~~ Controller of the Currency, the Accountant General being responsible only for the conduct of the inspection and for rendering such other assistance as may be practicable

888 *Deleted*

No. 9.

Page 328, Contents of Chapter 46—

Delete the following items :—

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 9, dated the 1st June 1935.]

889. The initial accounts maintained in many Government institutions and offices are audited on the spot. Audit offices are also required to audit the accounts maintained by many non-government institutions which are not Local Funds. Such accounts are nearly always audited locally. Local Governments are responsible for the audit of Local Funds, but in some provinces they have asked the Auditor General to undertake this audit on their behalf. In all these cases such accounts are usually examined and audited by special establishments under special local rules, which need not be repeated here.

1. The audit of the accounts of Treasurers of Charitable Endowments, as maintained by Accountants General in their capacity as Treasurers under Act VI of 1890 and the rules under it, is conducted annually by the Local Funds Audit Department.

889-A. The Outside Audit Inspection Staff should examine the leave accounts and service books of the non-gazetted staff of the offices or institutions visited by them, to ensure that they are kept in a satisfactory manner. A small percentage, say 5 to 10 of all leave accounts, should be checked and cases of the irregular grant of leave should be noticed. In the case of offices which are not inspected locally, the leave accounts of non-gazetted officers should be checked when the inspecting staff visit the headquarter stations of the area within whose jurisdiction those offices are located, for other inspections. The local check can be supplemented by central check where the work is much in arrears. The leave accounts of such men as are likely to retire before the next inspection takes place should be checked carefully.

Audit of Currency Accounts.

890. The accounts of each Currency Circle are audited each month by a Gazetted officer deputed from the Accountant General's office (in Karachi, from the Collector's office), whose report (Form 84) is forwarded to the Controller of the Currency through the Deputy Controller of the Currency concerned. The auditor is required especially—

(*a*) to inspect all the registers and accounts in the office, and certify that they are in the prescribed form and in order,

(b) to see—

(i) that credits on account of notes written off or sent to other Circles are properly vouched and authorised ,

(ii) that all note forms sent from other Circles, as notified by the officers in charge, and also those received from Nasik as shown in the invoices received through the Controller of the Currency from Nasik, are duly brought to account ,

(iii) that the Monthly Return is a correct statement of the debits, credits, and balances appearing upon the books , that it is proved and balanced, and that the " value " in balance is equal to the circulation ,

(iv) that the balances of notes, coin, and bullion are duly acknowledged in the daily sheets of the officers in charge of them, the balance of Government securities by the Controller of the Currency, and the balance of the foreign Circle accounts by the officers in charge , and

(v) that the amounts in the books under examination which relate to the Agencies correspond with those shown in the returns received from those Agencies, namely, the *reports of issues and receipts* and *the certificate of* balance at the close of each month ,

(c) to examine the cases relating to the claims on lost wholly destroyed, or imperfect notes and to see that they are disposed of in accordance with the rules in the Currency Department Code under proper sanction ,

NOTE —A 5 per cent monthly check of claims on unregistered notes or claims on registered notes which are mutilated as defined in Rule 2 (g) of the Refund Rules or claims for the half value on halves of registered notes is quite enough In respect of the remaining class of cases a cent per cent check should be done by the Gazetted Officer himself under Note 1 to this Article

) to check the correctness of all receipt entries in the Receipt Registers from the Intermediate Registers and of the disposal entries in the Intermediate and the Receipt Registers by reference to—

(i) payees' receipts and bonds, if any, for notes paid,

(ii) receipts for notes returned to claimants,

(iii) acknowledgments for notes transferred to other circles for disposal,

[illegible] ...'s destruction certificates for notes

[illegible]

... value
...asury

(*f*) to examine and follow into books all the daily sheets of one day in each month, to be selected at random and without communication with the Currency Officers, the date so selected being named in the audit report.

NOTE 1.—The detailed audit of the currency accounts laid down in the above article may be entrusted to a senior Accountant assisted, if necessary, by auditors, provided that the Gazetted Officer who exercises general supervision over the audit staff carries out personally the more important items of check and signs the audit report sent to the Controller of the Currency in Form 84.

NOTE 2.—In the case of the Currency Office at Cawnpore a bi-monthly, and not a monthly, audit will be carried out by the Accountant General.

Verification of Currency Balances.

891. The officer deputed by the Accountant General (or by the Collector) to conduct the audit laid down in Article 890 will also at the time of such audit verify the balances in coin and notes of the Exchange Department of the Currency Office. All notes of the value of Rs. 10,000, Rs. 1,000 and Rs. 500 each should be counted. For the rest of the notes the total value should be checked with reference to the number of bundles and the number of pieces as recorded on the outside note of each bundle but the contents of at least 5 per cent. of the bundles of hundred-rupee and of fifty-rupee notes and 1 per cent. of the bundles of notes of lower values and also the contents of some Broken packets taken at random should be counted. The Coin balance should be tested (1) by counting the number of bags and (2) by verifying the contents of 5 per cent. of the bags ; this should be done by counting the contents of one bag and then weighing against it the contents of the other bags.

The officer will attach in original to his audit report a certificate to the following effect :—

"Certified that the balance of the Exchange Department of the Currency office was checked by me on the evening of the———and found to agree with the accounts of that day."

NOTE.—In the case of the Currency Office at Cawnpore the check laid down in this Article will be carried out bi-monthly and not monthly. (*See* Note 2 under Article 890.)

892. The Accountant General should arrange for the verification of the balances of the Currency offices, on the 31st of March of each year, by a gazetted officer. As far as possible the verification should be so arranged that the balances actually counted and verified are the closing balances of the month of March. The reports should be prepared in Form 85 and should be sent to the Controller of the Currency through the Accountant General and the Deputy Controller of the Currency concerned. As it is desirable that the verification should be *completed* on the named day, in order that the balances may be agreed with the books of that day, the officer appointed should begin the work before, of course taking precautions to secure from any interference each parcel of coins or notes which he has examined.

1. When the balance to be counted includes remittances which, at the time of the verification, have not been examined in the Currency Office, the invoiced value of the remittances should be taken as correct for the purposes of the verification and a note to this effect should be made in the report.

NOTE—As an exception to the general rule, the currency balances at the Harness Factory Vault at Cawnpore and in the Allahabad Fort Vault and the coin balances held in currency vaults 1 and 2 at the Bombay Mint are verified by an Audit Officer only once in three years, provided that all withdrawals or deposits in the interval are made in the presence of such an officer If, however, an Audit Officer cannot be present when a withdrawal or deposit is made, a fresh verification of the balances should be carried out at the close of the same year

893 All signed notes of the value of Rs 10,000 each and half the signed notes of the value of Rs 1,000 and Rs 500 each should be counted For the rest of the (signed and unsigned) notes in stock, the outside note of each bundle of one thousand notes should be examined, but two bundles of notes of high values (Rs 50 and above) and one of low values in every ten bundles should be opened inspected and put away again after counting any successive hundred notes in it The coin reserve is tested (1) by counting the numbers of bags in each chest, and (2) by verifying the contents of 5 per cent of the bags This is done by counting the contents of one bag, and then weighing against it the contents of the other bags The coin balance in the Exchange Department is proved in the same way, and the note balance in it in the manner described in Article 891 The note balance in the cancelled and foreign note accounts is proved by actual counting The balances so examined should be agreed with the corresponding account balances of the same date The bullion reserve in the Mint Master's custody need not be verified at the annual verification

1 The actual "counting" of notes may be done as follows —The notes being in bundles of a certain number, a few at the top are folded back by the verifying officer, and the bundle handed to a clerk who counts the notes which are not folded back and marks the number the verifying officer then sees that the number of notes folded back makes up the complete bundle But the verifying officer is required to satisfy himself in all cases except those of low value (Rs 10 and below), that the bundles really contain only notes of one denomination

894 The verifying officer should also compare the balance shown in the Currency office register of valuables with the balances shown in the Registers—

(i) of half and Mutilated Notes (L-23)

(ii) of wholly Destroyed Notes (L 24)

(iii) of Unclaimed Notes (L 25), and

(iv) of Notes received (Intermediate Register) (L 17 or L 20)

and then prove these balances by enumeration of the notes of each description actually contained in the box kept under double locks

NOTE 1—The note under Article 890 above applies to the verification of Currency balances also

NOTE 2—The balances in the accounts relating to claims on notes treated as wholly destroyed should be verified with the balances recorded in the manuscript registers kept under double locks of the Currency Officer and Treasurer and then these balances proved by verification of the Government securities and the Savings Bank Pass Book in the personal custody of the Currency Officer

895 *Deleted*

Verification of Balances of Small Coin Dépôts

896 When a sub dépôt of small coin is located in a treasury, its balance will be verified by the District Officer The balances of other

sub-depôts and depôts of small coin on the 31st of March and the 30th of September will be verified by the officer appointed to verify the balance of the Currency office. The verification is done by counting the numbers of boxes and bags of each class of coin in the depot, the seals on the boxes or bags being examined at the same time, and by examining in the manner laid down in Article 893 the contents of 5 per cent. of the bags containing silver quarter rupees. In addition, the contents of 2 per cent. of the bags or boxes in the case of nickel coin and one per cent. of the bags in the case of bronze and copper coin should be verified by actual counting.

NOTE.—The verification reports of small coin depôts located at treasuries are submitted to the Accountant General. Those situated at Currency offices should be submitted to the Controller of the Currency direct by the verifying officer.

Verification of Cancelled Currency Notes.

897. The verification of cancelled Currency notes is conducted under the orders of the Accountant General by a verifying officer, assisted by a staff of clerks (called checkers) and inferior servants. The verification may be broadly divided into three stages as follows :—

(1) Receipt of notes from the Currency office ;

(2) Verification of notes ;

(3) Punching of notes after verification and their return to the Currency Department.

NOTE.—The detailed verification of the cancelled Currency notes in the Currency offices at Karachi and Cawnpore is entrusted, at present, to the Currency Officers concerned, but a test check is made by a staff visiting these offices at intervals.

898. The following procedure has been prescribed for the verification at Calcutta and should be adopted with the necessary modifications, if any, at other places.

Receipt of notes from the Currency Office.

898-A. (1) Particulars of cancelled notes proposed to be taken up for verification should be intimated by the Verification Branch to the Currency office as early as possible on the day of verification or on the previous day. The estimate of requirements should be based on the number of checkers actually present on each day and the indent should be so framed that it will keep all the men fully occupied and at the same time leave no surplus notes unverified at the end of the day. When the day's work begins, the bundles of notes required by the verifying officer are removed from the Exchange vaults to the verification section in canvas bags in charge of a Treasurer's representative.

The bags are opened in the presence of the verifying officer, who formally takes charge of the contents and satisfies himself that the number of bundles marked for the day's work has been correctly made over to him. An *ad interim* receipt is also given by the verifying officer in the Treasurer's book.

(2) The notes which are sent to the verifying officer should be prepared by the Currency Department in bundles of 100 odd amounts forming a separate bundle Each bundle will be sewn together at one end and will have a fly leaf after the following pattern —

Packet No Containing———pieces of Rs ——— of———circle note included in cancelled note account of ——— Date ———	No	Packet No Containing———pieces Rs ——— each of———circle Total value——— Sorted and bundled by (with date) —— Contents and packets checked by ——
		Listed by (with date) ——— List checked with notes by——— Initials of—
For use in the Accountant General s Verification Department (A) Number of notes counted* / counted and quality checked by checker		Checker on ———
(B) Number of notes counted* / counted and quality checked by verifier (C) Total in packet		Verifier with date———

(D ... the notes are merely counted or ex... at of the packets examined by him

Verification of Notes

898 B (1) Under the existing orders the verification is conducted to the following extent —

(a) *One and two and a half rupee notes* —Complete check as to quantity and 12½ per cent recheck as to quality (*viz*, whether the notes are genuine and complete)

(b) *Five and ten rupee notes*—Complete recheck as to quantity and 25 per cent recheck as to quality (*viz* whether the notes are genuine and complete)

(c) *Notes of denominations higher than Rs 10* —Complete recheck as to quantity only

The following scale has also been prescribed as the normal standard for a full day's work for each kind of checker —

For quantity checkers	16 000 pieces each
For quality checkers	(1) 8 000 pieces each for Re 1 and Rs 2-8 notes
	or (2) 4 000 pieces each for Rs 5 and Rs 10 notes

N.B —The above figures for quality check include quantity check

(2) From the bundles received, the verifying officer should select at random 25 per cent. of the bundles of Rs. 5 and Rs. 10 notes and $12\frac{1}{2}$ per cent. of the bundles of lower denominations for quality check. The remaining notes should be separated for quantity check only.

(3) The checkers should be formed into groups, each including one verifier and one clipper to be selected from among them. A selected quantity checker should be detailed for supervising the workmen at the punching machines and seeing that the verified notes are properly punched and guarded till they are taken over by the Currency Department.

(4) Throughout the day's work, the Treasurer's representatives are present in the verification section to safeguard the Treasurer's interests.

(5) The notes should be distributed according to the number of checkers in each group. The verifier of each group should give a receipt for the notes received in his group. He should then make over a sufficient number of packets to the clipper, who will turn down a varying number of notes roughly between 10 and 20 at the back of each packet and fasten them with a clip and distribute the packets among the checkers. The checker should first see that the notes have been properly defaced, that is, by having the signatures cut out and (except in the case of Re. 1 and Rs. 2-8 notes) holes punched, one on each half of the notes. In the case of Rs. 5 and Rs. 10 notes of the design introduced in 1933 in smaller size and with a single number it should be seen that the notes have been defaced by cutting a semi-circular hole at the bottom to remove the signature and a circular hole punched on the right half to remove King's effigy. If the punching is wanting or is not complete in any case, the packet should be made over to the Treasurer's representative. A similar procedure should be followed if the packet does not contain the full number of notes mentioned in the covering label. The checker should then see that each note is of the alleged value, count the number of notes left unclipped on each packet and note the figure on the covering label and initial the entry with date. The quality checkers should see that the note is not a forgery : they should especially notice that the paper is of the usual quality and the water mark of the standard character, that the style of printing and figures is good and of the usual nature, and that the figures and medallions are of the standard pattern ; further they should see that if the note is cut, the numbers in the two halves agree and are of the same series, and that the note bears no alteration or erasure, and that in the case of defective notes the note bears the pay order of either the Currency Officer or the Treasurer and is stamped 'Paid'. The above quality examination in the case of Re 1 and Rs. 2-8 notes should be conducted simultaneously with the quantity examination, as the rate of examination does not allow sufficient time for the work being done separately. In the case of Rs. 5 and Rs. 10 notes, the two processes should be carried out separately, but by the same checker.

(6) If the notes are found to be genuine and complete, the checker will enter the number of notes counted in the column provided in the covering label. In the case of notes checked as to quality also, the fact will be noted in the label. After the checkers have finished their

examination, the clips will be unfastened and the packets piled before the verifier, who will satisfy himself that the notes are of the alleged value, that they have been properly defaced, that the signatures have been cut off and that they have not been verified before He should then count the notes which have been clipped and note the number on the covering label in the space allotted He should then total his figures and the checker's figure and if the sum agrees with the number that the packet is said to contain, make it over to the coolies attached to his group for being tied into bundles of 10 each If the total number counted does not agree with that which the packet is said to contain, the packet should be made over to the Treasurer's representative for removal of the defect Any deficiency not made good on the same day should be entered in an objection book Any excess discovered should be reported to the Currency Officer and credited to Government except those which are adjusted towards deficiencies in other bundles of notes of the same denomination under the orders of the Currency Officer The verifier of each group of quality checkers should also examine the quality of the notes which have been clipped He should in addition count in full and examine the quality of all the notes in 10 per cent of the packets checked in each group and sign a certificate to that effect in the covering label of the packet so examined in the space provided for the purpose The object of the examination is to see the each checker is carrying out the examination in accordance with the rules

(7) The verifying officer should keep a vigilant watch over the men and see that the men are fully occupied He should fully count with his own hands all the Rs 10 000 notes 50 per cent of Rs 500 and Rs 1,000 notes, and 5 per cent of other packets containing notes above Rs 10, to be chosen by him at random from the bundles after they have been checked and verified He should also examine at least 2 per cent of lower denomination notes either as regards quantity only or as regards both quality and quantity Any irregularity detected should be specially dealt with

Punching of notes and their return to the Currency Department

898 C When the verification work of each bundle of notes is completed in every respect, it should be made over to the men in charge of the punching machines for the cutting of the top left-hand number The clipper of the group should accompany the notes to the punching machines A selected quantity checker should be placed in charge of the machines during the whole day to supervise the workmen closely The duty of this clerk will be to receive all verified notes from the respective [illegible] to see that they are properly punched and to have them arranged in piles and the portions punched out put into bags, and above all he will be responsible for seeing that no abstraction of notes takes place from the time the packets are received at the punching machines till they are taken over by the Cancelled Note Vault authorities A peon of [illegible] Branch will help the clerk in supervising the workmen and will also [illegible] guard over the punched notes Notes of higher denominations [illegible] Rs 10 will be cut in the presence of the Cancelled Note Vault [illegible] by whom the punched out portions will be received and he will [illegible]

the punching. In the case of notes of Re. 1, Rs. 2-8, Rs. 5 and Rs. 10 denominations, a portion from the top and not necessarily the left-hand numbers may be cut off. After the top numbers are cut off, the bundles should be arranged in piles, separately for each denomination. The portions cut off from notes of Re. 1, Rs. 2-8, Rs. 5 and Rs. 10 denominations will be put into entire bags and sealed in the presence of the verifying officer with his own seal and made over to the Currency officer to be destroyed as soon after as possible, the remaining (major) portions being transferred in bundles to the Cancelled Note Vault for destruction by burning after the receipt of the warrant referred to in Article 898-D. Each of the verifiers should then enter in the Receipt Register the total pieces of notes, separately for each denomination, which have been verified in his group and under his supervision, and initial the entry. The total of the several groups should be agreed with the total number of notes received in the morning for verification as recorded in the above register.

898-D. When the total number of notes cancelled on any one day is completely verified, the verifying officer will compare the total entries under each denomination of notes in the Currency Office Cancelled Note Register with the figures of Verification Register above, and if the two agree, the verifying officer and the superintendent or clerk in charge of the Currency Note Vault should initial the Cancelled Note Register (Form I-14) in the columns respectively allotted to them. On completion of the verification of a day's cancellations, the verifying officer should prepare a warrant in Form I-16 of the Currency Code, containing the particulars of the notes verified and send it direct to the Currency Officer. He will also make a monthly report to the Deputy Controller of the Currency of the forgeries, mistakes and irregularities detected in verification. The items in the objection book which still remain to be cleared should also be included in the above warrant. If any cancelled note cannot, for any sufficient reason, be produced, it may, nevertheless, be included in the verification, provided that

(*a*) a note of its absence is made on the flyleaf of the bundle under the verifying officer's initials,

(*b*) the number and value of the wanting note is included in the objection book, and

(*c*) a statement of the number and value of the wanting note, together with the reasons for its non-production, is made on the next warrant and carried forward in each successive report till the note is produced, the left-hand number is cut off and both dealt with as stated in Article 898-C.

NOTE.—Defective notes, after payment, are stamped by the Currency Office with a "Paid" stamp and they should, after verification, be stamped by the verifying officer with a "Verified" stamp.

Verification of Mint Balances.

899. The verification of Mint balances is conducted annually by the outside audit branches of the Accountants General's offices in Calcutta and Bombay, in accordance with Financial Resolution No. 2988, dated

14th October 1864 which also directed that the verification should take place when the amount of bullion in the Mints is usually at the lowest

900 Mint balances consist of gold silver copper bronze and nickel in various forms and stages of manufacture spread over different departments, and also new coins and the primary object of the verification is to ascertain by actual tale or weighment of the whole or a percentage of them in some cases whether the balances in quantity as shown in the departmental registers are forthcoming or reasonably accounted for and whether the total of the departmental balances makes up the value reported by the Mint to the Accountant General Central Revenues and the Controller of the Currency in Calcutta or to the Accountant General and the Deputy Controller of the Currency in Bombay and any difference found between the book and actual balance should therefore not only be stated but made a subject of enquiry and the result reported to the Government of India in the Finance Department

901 The date of verification should as a rule be the last day of a month but if any other date is fixed to suit the convenience of the Mint the balance of that date should be worked forward or backward to the last or first day of the month for the purpose of agreement with the balance shown in the monthly bullion account

902 For the purpose of verification the Mint may be divided into three main departments with sub divisions —

(1) Melting Department

(2) Mechanical departments sub divided into laminating fine rolling and cutting out weighing and edging annealing, stamping adjusting and coin ringing branches

(3) Bullion department sub divided into bullion stronghold and coin room or store department in the case of copper, bronze and nickel

903 Each of the above branches should present a slip to the verifier, showing in tale and weight the balance that ought to be in hand on the day of verification

904 The whole of the balance of gold in all the departments should be passed through the scales

905 The whole of the silver balance with the exception of bullion and coins should be weighed Coins in bags should be examined in the manner described in Article 893 with reference to the verification of the Currency Reserve Those packed and sealed in boxes should be verified by counting the number of boxes their value being calculated from the recognized contents of each A few boxes selected at random should however be opened and one of them emptied out and the contents counted in detail

906 In the case of bullion ingots and bars, a [illegible] bags with the registered weight of each should [illegible] Accounts Branch of the Mint and at least [illegible] exceeding eighty lakhs and six lakhs if the [illegible]

passed through the scales. The bags or parcels of bullion not passed through the scales should be counted and identified by a comparison of the register number and weight as entered on the labels they bear with the register number and weight recorded in the list above referred to.

907. Bullion being of different touches or degrees of fineness, the value above and below standard, which is fixed at 91.66 fine, should be proved with reference to the Assay Produce Register in which the fineness of each parcel is attested with the Assay Master's initials. The gross produce column in this register is not covered by the Assay Master's initials, but worked out by the Mint from the certified touch, and about 10 per cent. of the calculations should be tested by the verifier.

908. The quantity of bullion verified being thus converted into value by the help of the Assay Produce Register, the total value, including the balances of the melting and the mechanical departments, which are all standard, should, if the date of verification is other than the last day of a month, be worked up by audit of the accounts to the balance of the last or first day of the month, whichever is more convenient, and agreed with the monthly bullion report sent by the Mint to the Accountant General, Central Revenues, or Accountant General, Bombay, in the case of Mint bullion, and with the monthly bullion report sent to the Controller of the Currency or the Deputy Controller of the Currency, Bombay, in the case of currency bullion. The number and date of the last Mint certificate credited to date of verification should also be noted for comparison with the last certificate of the same date realized by the Currency office.

909. The copper, bronze and nickel balances are verified on a different date from that of gold and silver in Calcutta, but there is no objection to their being verified at the same time as gold and silver, if it is convenient to the Mint.

910. The number of slabs of copper should be ascertained, shipment by shipment, either by actual enumeration of the whole, or partly by calculation if the enumeration of the whole is likely to be attended with undue delay and inconvenience, and about 5 per cent. of the slabs should be passed through the scales and the weight of the whole arrived at approximately by calculation.

911. About 5 per cent. of the tin and zinc balances in store should similarly be passed through the scales. The whole of the bronze balance in all the departments of the Mint, with the exception of the ingots and coins, should be weighed. As regards the bronze ingots, a list of the parcels with their respective weights should be obtained, as in the case of silver bullion from the Mint, and 5 per cent. of the bars picked at random should be passed through the scales, and the remaining parcels counted and identified by a comparison of the weight recorded on the labels they bear with that entered into the Mint accounts and the weight of the whole arrived at approximately by calculation. Coins packed and sealed in boxes may be verified by counting the number of boxes and opening and examining one of them by tale. Coins in bags should be verified by taking a few of the bags selected at random and weighing the rest roughly against them after emptying out the bags.

NOTE.—The procedure as regards verification of bronze and copper balances also applies to nickel balance.

912 In the case of bronze scissel and scraps, which are partly in bags and in part tied up with string, weighment may be made without emptying the bags or untying the bundles, provided the ascertained weight of the strings and bags is deducted from the gross weight

913 The quantity of bronze having been verified, should be converted into value at the average market rate, worked by the Mint, and agreed as in the case of gold and silver with the monthly copper and bronze store account rendered by the Mint The bronze coins should be agreed with the cash account rendered to the Accountant General, Central Revenues

914 There should, as a rule be very small balance of musters in the Assay Office, and being generally in the form of chlorides, etc, it is not verifiable, it will be sufficient if the Assay Master's certificate for them is produced before the verifier

915 All points of difference being noted and explained, the result of the verification should be reported to the Controller of the Currency.

916 *Deleted*

Verification of Furniture in Residences of High Officials

917 The administration of the furniture funds of the official residences of the Heads of local Governments and other high officials, including the upkeep of a stock list and the purchase, repair and maintenance of furniture, is usually conducted by the Military or Private Secretaries in the case of Governors or, in the case of Chief Commissioners Residents of the first class and Agents to the Governor General, by such other officer as may be charged with these duties under rules issued by the Government of India in the Home Department In every second and fourth year of the incumbency of a Governor, etc, a special verification (and check of the stock list) should be made by a gazetted officer deputed by the Accountant General, and it should be arranged that this inspection is made at the same time as the Public Works Divisional Officer in charge of the building inspects the furniture, and a joint report should be made by the two officers

1 In the case of the residences in Baluchistan the audit inspections will be arranged by the Director of Army Audit

918 The Inspecting Officer should take with him all vouchers pertaining to the repairs, renewals and purchases of the furniture belonging to the residences as well as particulars of the sales or other disposals of furniture, as brought to account since the date of last inspection

919 The object of the inspection is to see—

(i) that all new supplies are correctly brought on to the inventories,

(ii) that the inventories are correct in all respects, and

(iii) that the articles in stock agree with the inventories

See also Article 255

920. The Inspecting Officer should arrange to discuss his portion of the joint report with the officer conducting the administration of the furniture fund, before the report is sent to the latter officially by the Accountant General for explanation and remarks.

920-A. The Government of India, in Industries and Labour Department (P. W. Branch) letter No. B.-52—44, dated the 31st May 1927, as modified by letter No. B.-52—54, dated the 12th September 1927, have decided that, in the first and last year of the period of office of a Viceroy or of a Commander-in-Chief, a special inspection (and check of the stock list) of the furniture in the Viceregal residences and " Snowdon " will be made by the Audit Department under the rules in Articles 917 to 920. Similar inspection and check will also be conducted once in every three years, without reference to any particular year of the incumbency of the occupants, in respect of the furniture in the residences of the Members of the Governor General's Executive Council in Simla. This check will be carried out by the Accountant General, Central Revenues, who will meet the convenience of the Military Secretary to His Excellency the Viceroy in the performance of the inspections of the furniture in Viceregal residences. The Executive Engineer in charge of the building, in the case of " Snowdon " and of the residences of Members of the Governor General's Executive Council, and the Superintendent, Viceregal Estates, in the case of Viceregal residences, will inspect the furniture at the same time as the Audit Officer, and a joint report will be submitted by the two officers.

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This index deals mainly with the rules in the several chapters and does not fully cover the rules in t appendices or the forms It has been compiled solely for the purpose of references. No expre sion used in it should be considered as in any way interpreting the rules

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No. 73.

Page 370, Index, Catchword "Pensions"—

Delete the item "Register of......by departments..........333".

[Audit Code, Vol. I, 1st Edn. (2nd Rep.), No. 73, dated the 1st June 1936.]

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Note of Posting of Corrections—contd.

Serial number of correction.	Rule affected.	Date of posting.	Serial number of correction.	Rule affected.	Date of posting.	Serial number of correction.	Rule affected.	Date of posting.

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